

Benn rejects Foot's challenge to fight party leadership

By Richard Evans, Political Staff

Mr Michael Foot last night dramatically invited Mr Wedgwood Benn to openly stand against him in a fight for the leadership of the Labour Party.

The challenge, contained in a 24-page written statement which he read out at a meeting of the Shadow Cabinet, attended by Mr Benn, was greeted with joy by the majority of Labour MPs at Westminster.

Mr Benn said last night that there was no question that he would stand against Mr Foot for the Labour Party leadership. He would continue to campaign for the deputy leadership "strictly on the issues in support of Labour Party policy".

Mr Foot was heard in complete silence as he took 20 minutes to give his reasons for choosing a face-to-face

confrontation. At the end of those attending, except Mr Benn, thumped the table in approval.

Mr Benn, whose recent open defiance of the long-established doctrine of collective responsibility sparked off last night's challenge, was said to have been clearly shaken and surprised by the move. Afterwards he was saying nothing.

Mr Foot reportedly told the meeting that Mr Benn's campaign for the deputy leadership of the party, and could "throw away" the whole prospect of victory at the next general election.

He referred to Mr Benn not being the official line in the defence debate. Such behaviour made it virtually impossible to conduct Shadow Cabinet business. He then referred to recent state-

ments Mr Benn had made and invited him to comment.

Mr Benn spoke for about a quarter of an hour, and then Mr Foot read his personally drafted statement. Only the very closest of his colleagues were privy to what was planned.

Earlier Mr Benn sought to turn the tables on his Shadow Cabinet critics by arguing that they were the ones guilty of disloyalty to party policy.

As expected, Mr Benn carried the conference of ASLEF, the train drivers' union and its 27,000 block vote after expounding his socialist "alternative strategy" to the Government's economic policies.

The union became the sixth in the last month to declare for him in the deputy leadership election.

Election moves 'an attack on my good faith'

In his challenge to Mr Benn last night Mr Foot said there could not be "one rule for Mr Benn and another for everybody else". The Opposition Leader said:

"In view of what he has said and done over recent weeks, and in the light of his latest statement to the Shadow Cabinet tonight, I have told Tony Benn that, in my judgment, his only honest course now is to stand against me in the coming election for the leadership of the party."

It is clear that what he is challenging is the good faith of the Shadow Cabinet in carrying out its duties under the Labour Party constitution. That is, above all, directly, an attack on my good faith. Since that is now indisputably what appears to be his view, he should have the openness to act upon it."

he chooses, and, presumably, on his reckoning, the same right could be claimed, and exercised by every other member of the Shadow Cabinet.

There can't be one rule for Tony and another for everybody else; no ward party in any constituency in the country could be run on that basis. Such a method of proceeding would utterly disrupt any chance that the Shadow Cabinet, or the parliamentary party, could properly conduct its fight against the Tories in the House of Commons.

There is, apparently, a difference between Tony and myself about the rights and duties of the Shadow Cabinet, and I propose at a suitable time to take that issue to the parliamentary party. Meanwhile the elected party will continue to do what it can to be their duty to maximise the attack on the Tory enemy."

Tory monetarism and all its works. That was set out, in general terms, in the document issued on April 23 1981 and which he covered more fully in a further statement which is being prepared by the national executive committee.

However, there are two broad fields of policy where further work is now being conducted and where fresh work will be required to shape the necessary policies for the next Labour Government. One covers the whole wide subject of industrial democracy, and another covers the question of inflation and how a future Labour Government would conduct its relations with the trade unions in dealing with it. It is idle for anyone to pretend that past conference decisions have settled these matters. The plain truth is that they have not.

Either conference decisions on the subject are non-existent, or they are so blurred as to be effective guides to action. And, of course, in these future discussions the parliamentary party must have the right and does have the right under the existing party constitution to help shape the conclusions.

I must mention, however, that Tony Benn does appear to be suggesting once again that this right of the parliamentary party and the parliamentary leadership should be abrogated. That in my opinion is a recipe for perpetual discord between the parliamentary party and the party conference itself and therefore of perpetual comfort to our Tory or Social Democrat opponents.

I trust that conference will throw out this proposal, as it has wisely done on previous occasions. The idea that elected Labour Members of Parliament should have no effective influence in devising the manifesto they are charged to carry out is offensive to any idea of parliamentary democracy known to me. Tony Benn's policy for the House of Commons sometimes looks like a plan for transferring it into another castrated House of Lords. On the contrary I'm in favour of strengthening the Commons—that means giving MPs more power by abolishing the Lords.

And those MPs exercising greater power must be not honourable marionettes, but real men and women exercising their own independent powers of judgment on the great complex issues of the age. Those are the kind of representatives the Labour movement most needed in the past and the kind we will need in the future to win the votes of our people and to make our Parliament more than ever a true servant of those who elect them.

The Common Market: The last party conference passed by a considerable majority a resolution outlining the "burdens imposed upon us by our membership of the Common Market, and urging that the Labour Party should support a plan of withdrawal."

As a long-standing opponent of Britain's entry into the Market, I supported that resolution, and still do. It will be the business of the next Labour Government to carry through the policy, starting as I believe we should, with the repeal of the European Communities Act of 1972, which was the legal instrument which transferred power from Westminster to Brussels. However, the means and methods by which the work is done are still matters of serious debate. In the interests of our own economy, itself, the legal and economic implications have to be carefully considered, and there is just to make one example—a point of principle involved.

Is there to be a new referendum on the question of withdrawal? There are powerful arguments for, and as I believe, perhaps, even more powerful arguments against. But it is no use anyone in the party saying that the awkward question is already settled. The TUC Congress, for example, has decided a resolution on this aspect of the



Mr Foot: 24-page statement



Mr Benn: Clearly shaken

Of course, it would have been better for the party and better for the country, if we could, during these precious months before the next election, have concentrated all our energies on quite different themes—the campaign against mass unemployment, the campaign for Labour's alternative economic strategy, the campaign to stop the nuclear arms race. These are the great questions of our time.

But the responsibility for distracting us from these issues must rest with Tony Benn himself, partly because of his decision to contest the election for the deputy leadership and, more especially, because of the grounds on which he has chosen to conduct the argument.

I urged him weeks ago not to thrust the movement into this divisive, and as I believe, futile contest, as did, for example, many members of the Tribune group, when they had the chance. But he would not agree.

First, then, let me clarify the point about the so-called collective responsibility of the Shadow Cabinet. I have never held the view that this collective responsibility needs to be broken, or can be, or should be, as he has asserted. The principle can be applied with some liberality and common-sense give-and-take.

One shadow minister may stray into the province of another, and each should not be too touchy about it, and there may be occasions—such as the dispute over the nature of the new system of voting for the leadership—when differences in the Shadow Cabinet can quite properly be presented to the party meeting.

However, there are some matters—indeed the main matters with which the Shadow Cabinet is charged to deal—which must be conducted with a sense of common trust between those who are members of it. The business of the Shadow Cabinet is to conduct the affairs of the Labour Party in Parliament, and a large part of that duty is to direct the attack against our principal opponents, the Tories, the Thatcher Government.

It is the duty of the Cabinet to seek to unite the Labour Party in the House of Commons in delivering the attack, and also if we can, to divide the enemy.

That is what would have happened in the recent defence debate, according to the decision made by the Shadow Cabinet and accepted without a single voice of dissent being raised at the party meeting. If the debate and the vote had been conducted on the terms recommended by the Shadow Cabinet, five-party would have been kept united, without any abandonment or weakening of the Over's policy, and the most Apparent course, as I believe, to be now being pursued by the British Government on the Budget issue would have been exposed. But Tony Benn's Courts destroyed that possibility.

Now, as I understand it, Benn insists that he must be the right to adopt the kind of policies whenever



Smile and blessing as Pope leaves hospital

Rome, June 3.—Smiling and waving, the Pope was today unexpectedly discharged from hospital where he had been recovering since the attempt on his life on May 13. In his traditional gleaming white robes he gave a papal blessing to hundreds of patients watching from balconies and walked unaided to his car.

He was driven to the Vatican where he was received by a group of cardinals and was presented with a bunch of flowers by

a Korean girl who last week had offered the Pope her pet nightingale, to keep him company in hospital.

A little more than half an hour after he had arrived back in the Vatican, he appeared at the window of his study on the third floor of the Apostolic Palace to bless a group of 300 Poles in the square. Among them were about a dozen representatives of the Solidarity trade union movement. The Pope waved to them.—A.P.

H-block compromise offered by Catholics

By Clifford Longley, Religious Affairs Correspondent

In a statement intended to offer both sides a way out of the Maze prison hunger strike—deadlock, a commission of the Roman Catholic Church in Ireland yesterday asked the British Government to make general changes to the prison regulations affecting all prisoners.

The statement opposed the claim for political status for IRA prisoners and called on its supporters not to make demands for perpetual discord between the British Government and the Irish Bishops' Conference and therefore carries a good deal of weight.

Indications yesterday were that those who prepared it may have made confidential contacts on both sides of the H-block dispute.

On behalf of the Irish bishops, the commission holds a general brief to watch and comment on Northern Ireland. Last year it called on IRA prisoners in the Maze to call off their "dirty protest".

The statement recalls that the Government promised last October to continue to review all aspects of prisoners' living and working conditions "guided by a humane and responsive approach". It asks the Government, in the light of that declaration, to make certain changes throughout the Northern Ireland prison system.

Prisoners should be allowed to wear their own clothes all the time, as they are at the women's prison at Armagh. There should be increased opportunities for association between prisoners "while mak-

ing it clear that military training or any other activity which would be illegal in society at large, would not be tolerated. Arrangements for prison work should be reviewed to ensure that it was of the greatest possible cultural and educational value."

It adds: "If these reforms were implemented throughout the Northern Ireland prison system, this would not constitute the granting of political status to which the commission has already indicated that it would be opposed."

It goes on to offer the British Government the prospect of improving the present emotional climate, however the hunger strikers themselves react.

"Even if these reforms did not result in the ending of the hunger strike they would certainly satisfy many people of good will who resent the failure of the Government to show flexibility on issues where no matter of principle is at stake."

The prisoners themselves are urged to make it clear that these proposals would provide the avenue for a solution. "Statements such as 'nothing less than political status will be acceptable' are, the commission says, only likely to cause further deaths in prison, and in the community."

The commission quotes from Pope John Paul II's speech at Drogheda in which he said that violence delays the day of justice and that those with political responsibility should avoid "giving pretexts to men of violence."

Dr Runcie's condemnation, page 2



Mrs Reagan for wedding

Washington, June 3.—President Reagan will not attend the wedding of the Prince of Wales to Lady Diana Spencer, but his wife, Nancy, has accepted the invitation, the White House said today.

Mrs Reagan was quoted as saying: "I am very happy and flattered to be asked and I am excited at the prospect of being present at such a historic and romantic occasion."

President Reagan had expressed a desire to attend the wedding, and jokingly hinted at one point that he wanted an invitation. But he will be attending the economic summit in Ottawa in July. There were also indications that his advisers do not want his first visit to Europe as President to be for strictly a social occasion.—UPL

Whitehall conflict on EEC Chancellor urges budget reform

By David Miles, Economics Editor

The Chancellor of the Exchequer last night launched his attempt to change the basis of the British contribution to the European Community budget.

He said that the Government's decision about how to contribute to the budget would affect each of the 12 member countries.

He said that the Government's decision would also be a test of the Government's ability to ensure that poor countries do not get out of the EEC budget more than their share.

Sir Geoffrey's speech was laced with references designed to secure the support of the West German Government. Germany is the largest net contributor to the Community budget, and Sir Geoffrey's comments were designed to get across the message that the budget issue is no longer a problem peculiar to Britain.

He said that the Government's policy was to ensure that the Community's budget was not a burden on the taxpayer, and that the Government would be prepared to consider any measure which might be necessary to ensure that the Community's budget was not a burden on the taxpayer.

The Chancellor said that, in future, the Community should try to ensure that spending took account of the need to balance the distribution of benefits fairly between member countries. He called for the Community to accept the rational principle that benefits should flow from richer countries to poor ones.

However, evidence given in private by the Treasury to the House of Lords Committee on European Affairs, repeatedly shows that the United Kingdom would be satisfied with a financial transfer mechanism, which limited the cost of the Community, rather than ensuring

Minutes highlight Treasury doubts

By Peter Hennessy

A deep divergence of view between the Treasury and the Foreign Office about prospects for Britain's attempts to reform the European Community budget has been highlighted by Sir Geoffrey Howe, the Chancellor, for the reform of Europe's finances.

This is shown by secret minutes of evidence, obtained by The Times, to a House of Lords Select Committee on the European Communities by two Treasury officials, Mr David Hancock and Mr Andrew Edwards. They told the Committee they see little hope of the Government achieving its goal of getting the EEC to switch to a system of finance which would benefit the poorer EEC countries like Britain.

In a clear reference to differences with the Foreign and Commonwealth Office, Mr Hancock told the committee he did not understand why Britain should be asked to contribute to the European Community Budget. As for the Treasury, he said, Treasury officials have consistently felt that the Foreign Office has taken too soft a line on this with Britain's European partners.

The Treasury, though pessimistic about discussions on the Chancellor's idea will at least lead to some compromise financial mechanism that will limit the amount which net contributor countries have to pay. Referring to Sir Geoffrey's suggestion that contributions to the EEC budget should be related to wealth, Mr Hancock said: "I do not imagine for a moment that it will be the result of these negotiations, but

Continued on back page, col 3



Guess who? The hand of a sculptor applied the finishing touches to the clay model for a wax exhibit at Madame Tussaud's. The answer is on page 3

TV film shows patients in cages

A film on life in two hospitals for the mentally handicapped, due to be shown on ITV next week, includes shots of a child tied to a post and adults confined in caged areas outside. Filming took a year and was mainly at St Lawrence's Hospital, in Caterham, Surrey, and Borcup House, near Reading.

Four new hospitals

The British United Provident Association is to spend £20m this year to build four new hospitals to meet the growing demand for private medicine.

Coe leads the world

The Olympic 1,500 metre gold medalist, Sebastian Coe, ran the fastest 800 metres in the world this year last night, returning to Britain 44.06secs during the Philips Night of Athletics at Crystal Palace.

Reform in France

The French Cabinet yesterday introduced a package of social reforms that are likely to cost taxpayers an extra £700m by the end of the year.

Leader, page 15	Arts, page 13	Home News, 2-4	Business, 17-23
Letters: Dr employment, from Professor D. A. Bell, and Professor Walter James, 1	Alan Blyth, in an extract from his forthcoming book on Benjamin Britten, describes the composer's relationship with John and Myfanwy Piper, 12	Overseas News, 5-7	Law Report, 16
Leading article: Public investment, EEC budget, Poland, 12	Jan McGeachan reviews <i>BattleShip Bismarck</i> , reviewer of The Natural History Museum centenary history, 12	Court, 11	Science, 15, 18
Obituary, page 16	Mary Lou Williams, Mr James Howden Hume, 12	Crossword, 12	Sport, 16
		Diary, 12	TV & Radio, 16
		Events, 12	

16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16
16 Theatre, 16	16 Theatre, 16

SAVILLS

5 MOUNT STREET
MAYFAIR LONDON W.1.

PRESTIGE GROUND FLOOR
OFFICES WITH LUXURY
APARTMENT

4,880 sq. ft. approx

100% LEASEHOLD
INTEREST FOR SALE

01-499 8644

20 Grosvenor Hill, Park Lane Square
London W1N 8GQ. Tel: 01-499 8644

Chiefs of staff and Thatcher discuss defence

By Henry Stanhope, Defence Correspondent

Service chiefs of staff held a 75-minute meeting with the Prime Minister yesterday to discuss the recent political upheaval at the Ministry of Defence and the Government's current review of defence policy.

The chiefs asked for an audience some time ago to express their concerns over future allocation of resources. Yesterday's meeting, however, was said to be at Mrs Thatcher's request and was attended by Lord Carrington, the Foreign Secretary, and Mr John Nott, Secretary for Defence.

There was no agenda, and both political and military sources said that the atmosphere was amicable. "A friendly and wide-ranging discussion of defence, and foreign affairs", was the official description.

The chiefs last met at 10 Downing Street in the autumn to protest against the threat of large cuts in the defence budget.

Fresh reports of strained relations after the dismissal of Mr Keith Speed, Parliamentary

Under-Secretary for the Navy, for speaking out against forthcoming reductions in the Royal Navy's budget.

Then came last week's announcement that Mrs Thatcher had abolished all three Service parliamentary under-secretaries' appointments and replaced them with ministers whose responsibilities were strictly functional.

Amid talks of still more fundamental changes in the ministry's organization later this year, Mrs Thatcher is said to have decided that an early meeting with the chiefs of staff would be in the best interests of everyone.

Reports have been circulating of cuts of up to £10,000m over the next 10 years, the Royal Navy shouldering three quarters of the burden.

At yesterday's meeting were: Admiral of the Fleet Sir Terence Lewin, Chief of the Defence Staff; Admiral Sir Henry Leach, Chief of the Naval Staff; General Sir Edwin Bramall, Chief of the General Staff; and Air Chief Marshal Sir Michael Beesham, Chief of the Air Staff.



Dr Runcie with the Bishop of Derry, Dr Daly, in London yesterday.

Runcie condemns suicide of hunger-strikers

From Tim Jones, Belfast

The Archbishop of Canterbury, Dr Runcie, yesterday condemned the action of the hunger-strikers at the Maze prison in Northern Ireland.

Speaking in Belfast during a four-day tour of Ireland, Dr Runcie opposed the prisoners' demands for political status, but suggested that there might be a new initiative on the question of prisoner discipline.

Referring to the Government's attitude, he said: "I do not think there is any give and I do not think there should be any give on that ground. It would raise all sorts of other precedents in other places."

As a Christian, he said, he had sympathy for the families of the hunger-strikers. "But I cannot condone that kind of protest, which is bound to create and increase the violent attitudes and great fear." He made clear that he considered the hunger-strikers were committing suicide, that raised grave moral questions.

The Archbishop was clearly upset by allegations that he had asked people to pray for the soul of Robert Sands. "How people got hold of something I never said at all and then paraded it as a reason for objecting to my presence here I do not know."

Asked about a printer's visit by the Rev Ian Paisley, leader of the Democratic Unionists, Dr Runcie said that he would welcome a private meeting with him to have a rational discussion on ecumenism. Mr Paisley responded by challenging the Archbishop to a meeting on a public platform, where he would "expose his treachery to the Reform faith".

Later, when Dr Runcie addressed the general assembly of the Presbyterian Church in Belfast, he called for cooperation with the Church of England in tackling the province's difficulties.

Haughey is angered by Ulster move

From Christopher Thomas, Dublin

The British Government's plan to make another attempt this year at political reform in Northern Ireland has intensely embarrassed Mr Charles Haughey, Prime Minister of the Irish Republic.

It has had the immediate effect of discrediting his ace card in the election campaign, the claim that the Anglo-Irish summit set up in January is a precursor to a new constitutional arrangement between the Republic and Ulster.

The two main opposition parties in the Republic could easily make much of the affair, but so far they have stood by their word not to make a party political controversy of Ulster.

Confirmation of the British Government's intentions was given in a BBC television interview by Mr Humphrey Atkins, Secretary of State for Northern Ireland. It was implicit in his remarks that the Republic would have no involvement in the process.

At a press conference in Dublin yesterday Mr Haughey was clearly angry at the news. Any attempt at political reform involving only Westminster and Belfast would be an ineffective, ineffectual operation, he declared.

He had read about it in the newspapers but had received no indications from the Northern Ireland office.

The British Government, like ourselves, is totally committed to the process initiated at the Dublin summit," he added in a reference to his talks with Mrs Margaret Thatcher at Dublin Castle last December, after which joint Anglo-Irish working parties on issues like tourism, economic cooperation and the exchange of energy.

Mr Haughey was challenged repeatedly to say in straightforward terms whether the constitutional position of Northern Ireland was on the agenda of the studies. Although it is beyond doubt that it is not, Mr Haughey was not prepared totally to give away his best electoral card.

He returned promptly to the possible new political moves in Northern Ireland. "It would be wrong to say that we would get nowhere, just as the last exercise got nowhere but which wasted a lot of time."

Economic issues seem gradually to be assuming a greater place in Mr Haughey's campaign. He began last Friday week with bold statements about Northern Ireland, and economic matters came a distant second in his early speeches.

The opposition, however, has succeeded in focusing attention on prices and jobs.

Rate curb threat could destroy councils' freedom, Shore says

From Christopher Warman, Local Government Correspondent, Bournemouth

The Government's threat of legislation to curb rate increases could destroy the whole basis of local government freedom, Mr Peter Shore, Opposition spokesman on economic affairs, said yesterday.

At the annual conference in Bournemouth of the Chartered Institute of Public Finance and Accountancy he also criticized Mr Michael Heseltine, Secretary of State for the Environment, for his threat to cut local authorities' grants if their budget totals exceeded spending targets.

"Public expenditure cuts, in a period of severe recession, only compound the difficulties of the British economy. A careful and well-planned expansion of public expenditure is now essential if we are to break out of this vicious spiral of decline and begin the long march back to rising output and increasing prosperity," he said.

Public expenditure totals had failed to be cut during the past two years, mostly because of the effects of the recession.

"Of course, the Government has cut community and social services, particularly those supplied by local government, but these cuts have been more than counterbalanced by the inevitable increase in other forms of public expenditure."

He was not surprised that large overspending for 1981-82 had appeared in the local councils' preliminary estimates. Many authorities had had to make large increases in the rate and sharp reductions in their spending programmes because of the new grant system and because of the switch of government grant from the London and metropolitan areas to the counties.

"The threat of grant reduction if authorities do not cut further is bound to be bitterly resented. More reductions on the present proposed scale can only be achieved at a heavy cost in community and social services."

Selective reductions in grants to allegedly overspending authorities would be particularly

of the proposed penalties for overspenders (Diana Geddes writes).

Mr Heseltine announced on Tuesday that the Government would withhold up to £450m from local authorities revised their budgets for this financial year within the target of 5.5 per cent less than total local authority expenditure in 1978-79, excluding the effects of inflation.

Of the 39 county councils, most of which are Conservative-controlled, all but two, Dorset and Northamptonshire, have budgeted to spend above that target. However, nearly half are still spending at or below their so-called grant-related expenditure (GRE), the level deemed necessary to bring their standard of service up to the national norm.

The county councils have long argued that using the 5.5 per cent target as the measure of overspending was particularly unfair because they had already had to make substantial cuts in spending before 1978-79 as a result of the former Labour government's shift of resources away from the counties to the cities.

They therefore started from a lower baseline.

The Government is expected to take both the 5.5 per cent target and the GRE into account when deciding how far to penalize an overspending authority.

Mr Heseltine had originally argued that the Government should withhold up to £900m in grant if local authorities failed to reduce the budgeted overspending of £1,250m. Mr Mark Carlisle, Secretary of State for Education and Science, fearing the effect that would have on education, tried to get the threatened grant loss reduced to £300m.

The compromise figure of £450m was reached after other Cabinet colleagues, including Sir Keith Joseph, Secretary of State for Industry, expressed concern about the effect on the rates and industry of too large a cut in grant.

Ronald Butt, page 14

Rail unions to meet BR head

By Our Labour Staff

Leaders of the three railway unions are to meet Sir Peter Parker, chairman of British Rail, on Monday in an attempt to secure a joint meeting with the Government to press for increased investment.

Sir Peter agreed yesterday to an urgent request for a meeting by the unions, which have said that further industrial action against cuts was possible unless promises are made soon by the Government on electrification.

The move came as unofficial stoppages by guards at Waterloo station in London, last night, caused the cancellation of almost a fifth of services in the Southern Region's south-western division.

The unions want Sir Peter to join with them in pressing Mr Norman Fowler, Secretary of State for Transport, to hold a tripartite meeting, at which they hope to be told more of government plans for the industry.

Mr Fowler told the Commons yesterday that he hoped to be able to make a statement on electrification in a few weeks.

STRIKE MAY AFFECT THE DOLE

By David Felton

Civil servants working in unemployment benefit offices are being urged not to cooperate with emergency methods of paying dole money if, as seems likely, their pay dispute is stepped up next week.

The nine unions representing civil servants plan to call out on strike staff in Department of Health and Social Security Computer centres on Monday if the Government continues in its refusal to increase the 7 per cent pay offer in talks with union leaders tomorrow.

National union leaders have instructed staff in benefit offices to write out giro unemployment cheques by hand when the supply of cheques from computer centres starts to dry up. But, in defiance of the wishes of the union leadership, officials of the Department of Employment, and within the Civil and Public Services Association started sending circulars to members yesterday urging them not to cooperate with the emergency system.

The Cabinet meets this morning to decide whether to improve the seven per cent offer

Terrorism Act 'like Soviet system'

A strong attack on the Government for operating a Soviet-style system of internal exile through the Prevention of Terrorism Act was made yesterday by the National Council for Civil Liberties (David Nicholson-Lord writes).

In a review of the Act, which was introduced after the 1974 Birmingham public house bombings, the liberties group says it has "destroyed at a stroke the edifice of safeguards built up in this country's legal system to protect the citizen against wrongful arrest, detention or conviction."

The authors, Miss Patricia Hewitt, general secretary of the group, and Miss Catherine Scorer, call for its repeal and argue from research into individual cases that it is both unnecessary in the fight against terrorism, and counter-productive, stifling debate and playing into the hands of extremists.

In particular, they criticized the exclusion orders made under the Act, which have led to 20 people being returned from Britain to Northern Ireland and 34 to the Irish Republic.

The Prevention of Terrorism Act, The Case for Repeal (NCCCL, £1.75). BBC and terrorists, page 14

Benn gets an opponent at his reselection meeting

By Ian Bradley

Mr Wedgwood Benn, the leading proponent of the submission for the reselection of MPs in the Labour Party, will himself face a challenge when he faces his constituency reselection conference next month.

The executive committee of the Bristol, South-east, Labour Party has taken the unusual step of nominating a candidate to oppose Mr Benn at the meeting on July 5.

The challenger, Miss Vivien Bath, aged 36, a local councillor and teacher at Brighthelm comprehensive school in Bristol, says that she agrees with Mr Benn on all main issues of policy.

However, she denies that she is standing as a face-saving gesture to Mr Benn, who has strongly argued that there should be more than one candidate in reselection contests.

She said yesterday: "I believe in the principle of members of the party being given a choice and that there are two areas that I would agree. One is the fact that I am local and live in Bristol. I think perhaps that we do not see enough of Tony Benn in the constituency. I also think that it is important to have a woman."

Mrs Dawn Primarolo, secretary of the local party, said that her executive had nominated Miss Bath because it felt that

after the decision of the last Labour conference, since clarified by the national executive committee, there should not be a shortlist of one.

She said that the executive had every confidence in Mr Benn as an MP and had no intention of ousting him. He had not been informed of the decision to put up a challenger.

Evacuation best nuclear defence

By Our Science Editor

The different ways in which civilians can protect themselves against nuclear attack are examined in a book published today. It also lists places in Britain which are obvious targets.

Mr Peter Goodwin, the author, compares the value of evacuation, which he says is the best, with the costs and usefulness of modifying homes, buying shelters, gathering supplies and preparing medical equipment.

The effects of present and proposed weapons, how they work and what happens to people and buildings in the vicinity of an explosion are described by Mr Goodwin, a physicist and a member of the Central Office of Information.

Large-scale government programmes to build shelters in Britain and most other countries would probably not be sensible, given the cost and destructiveness of nuclear weapons. He suggests that at a national level planning for evacuation is a more promising approach.

But there are severe limitations because much of Britain and the east coast of America are too densely populated to make widespread evacuation feasible. The Soviet Union is in a similar position, as its population and industry are even more concentrated areas than those in the United States.

Nuclear War: The facts on our survival. (Ash and Grant, £5.95).



Nationwide Capital Bonds are right for you, right for your money.

You've got some capital and want to make the most of it. Nationwide Capital Bonds give you a very wide choice. They guarantee extra interest above our variable Ordinary Share rate. The table shows the extra interest.

Initial Term	Interest	Net*
5 yrs	15.00%	10.50%
4 yrs	14.25%	10.00%
3 yrs	13.50%	9.50%
2 yrs	12.75%	9.25%
1 yr	12.00%	9.00%

*guaranteed above prevailing Ordinary Share Account rate (which may vary) after taxes and gross income tax payable. *Net rate includes income tax payable.

GUARANTEED EXTRA INTEREST
Capital Bonds guarantee you extra interest at the rate appropriate for the initial term you select. The longer you invest, the higher the interest rate. And you get all your extra interest right from the start.

STAY ON TOP RATES
If you choose a Bond of less than 5 years and then decide to leave your money invested, your extra interest will increase each year up to a maximum in the 5th and subsequent years. So you have a long term option from a short term investment.

WITHDRAWAL OPTION
At the end of the initial term selected you can withdraw all your investment. Or you can leave it to earn up to its highest interest at only 3 months' notice of repayment by the investor or the Society.

WIDER CHOICE
You can choose one or more Capital Bonds from the range and the table shows the current rates. You can invest any sum over £500 in multiples of £1 in any one Bond.

GREATER CAPITAL GROWTH
You can leave your interest invested in the Bond for even faster capital growth. For example, a 5 year Bond now offers 10.50% which compounds to an annual rate of 10.78%, worth 15.40% more to basic rate taxpayers.

MORE MONTHLY INCOME
You can have your Capital Bond interest as regular monthly income, paid to a Nationwide Share Account, bank or Giro account. For example £5,000 with an initial 5 year term pays £43.75 a month at current rates.

The Nationwide Building Society, FREEPOST London WC1V 6XA.
If we enclose a cheque for £... to be invested in a Nationwide Capital Bond for an initial term of 1 year 2 years 3 years 4 years 5 years. Interest is to be compounded or paid monthly.
Your total investment in all your Nationwide accounts must not exceed £20,000 (£40,000 for a joint account). No withdrawals are possible during the initial Bond term selected except following the death of an investor.

Nationwide Building Society

Full Name(s) _____

Address _____

Date _____

Meals staff backed by Thatcher

By Our Political Staff

Walsall councillors may have to pay compensation out of their own pockets to six dinner ladies who face losing their jobs by the council because they have refused to join a trade union.

Mrs Margaret Thatcher gave the warning in a letter in which she said the council's disgraceful behaviour would be taken fully into account in assessing the case for further legislation against the closed shop.

"The council are threatening their own employees with dismissal in violation of their statutory rights and they are doing so knowingly and with complete disregard for the consequences," she told Mr Richard Shepherd, Conservative MP for Aldridge-Brownhills.

Mrs Thatcher added: "No local authority which is prepared, for purely ideological reasons, to dismiss people who are performing a valuable social service can claim to be genuinely concerned about the welfare of its school children or about the problem of unemployment."

The Prime Minister, who expressed her admiration and support for the stand taken by the six, said that if they took their case to an industrial tribunal and were awarded compensation, the District Auditor might find that compensation should be paid out of the council's own pockets.

Mr James Prior, Secretary of State for Employment, who has met the six, has been coming under increasing pressure to introduce legislation in the next session to deal with the closed shop.

Consultations on the Green Paper on trade union immunities are due to finish at the end of this month.

Many Conservative MPs believe that Mrs Thatcher is strongly in favour of further legislation.

Gleneagles sale is asset stripping, MP says

By a Staff Reporter

The Government was accused yesterday of selling off three of Scotland's best known hotels at £15m below their true value. Mr Norman Fowler, Secretary of State for Transport, had announced in the Commons that he had agreed to allow British Rail to sell the Gleneagles hotel in Perthshire, and the Caledonian and British hotels in Edinburgh.

The British Railways Board announced that it had floated a new company, Gleneagles Hotels, to acquire the hotels. British Rail would be allowed to retain a one-third stake in the new company, and was entering detailed discussions with institutional investors, many based in Scotland, to put up the rest of the capital.

Mr Fowler said: "We are talking of proceeds of more than £10m." But for the Opposition Mr John Prescott claimed British Rail's advisers believed the hotels were to be sold at a discount of £4m, and that the railways board would lose £15m income each year.

Mr Fowler said anyone who knew British Transport Hotels would agree that they had been starved of investment for the past quarter of a century.

That is not immediately apparent at Gleneagles, a palatial imitation of a French chateau standing among lawns and faultlessly maintained gardens in a park of 700 acres with the most extensive range of recreational facilities provided at any hotel in the country. The hotel has three championship golf courses.

Mr Fowler's concern might be more easily justified at the North British and Caledonian, typical Edwardian station hotels at either end of Princes Street. In both, a few of the rooms still lack private baths or showers.

Mr Robin Cook, the Labour MP for Edinburgh Central constituency, accused the Government of asset stripping. "British Rail have been bullied into taking a step which they know is against the financial interest," he said.

DAME NAOMI OUT OF YACHT RACE

Dame Naomi James, the yachtswoman who made emergency operation for the removal of an ovarian cyst yesterday, only four days before she was to have skipped her boat, Kitter Lady 11, in the Observer Two-handed Transatlantic Race.

The Exeter hospital where she is a patient said last night that she was quite comfortable.

It was announced that Mr John Oakeley, the leading British yachtsman, would skipper Dame Naomi's boat in the race.

Another sailor in the race, Mr Robin Knox-Johnston, was taken to hospital in Plymouth yesterday for an X-ray after hurting his back. An examination showed he had strained a muscle.

CRIME RISE

A big police reorganization has begun in Humberside to combat the rise in crime. For the first time the number of reported crimes has exceeded 50,000, an increase of 8 per cent over the previous year and

The Weather appears today on the back page

It pays to decide Nationwide

Mrs Williams on why she will not stand

By a Staff Reporter

Mrs Shirley Williams confirmed last night that she will not be the Socialist Democratic Party candidate in the Warrington by-election.

She told close colleagues on Monday, as disclosed in The Times, but it was only last night that she made an official statement.

She said: "After careful consideration I have concluded that I can serve the party better in the months immediately ahead by helping to establish it throughout the country rather than being a candidate in a by-election whose timing is uncertain and which would demand

a very great deal of my available time, already heavily committed to a heavy programme of SDP meetings throughout the country."

It is the uncertainty of the timing of the by-election, caused by the appointment of Sir Thomas Williams as a circuit judge, and the best use of the months immediately ahead that has prompted Mrs Williams to say now that she will not let her name be put forward for consideration.

She said the SDP is right in its decision to fight the by-election. The question of a candidate will be considered at a meeting of the Warrington SDP next Thursday.

Names being mentioned as likely SDP candidates are Professor David Marquand, former MP for Ashfield, and Mr David Williams, son of the former MP. But whoever fights the seat faces a Labour majority of 10,274, and although Liberal Party leaders are urging their constituency officials in Warrington not to put up a candidate, the seat has been seen as traditionally safe for Labour.

Mrs Williams was Labour MP for Hertford and Stevenage until the 1979 general election.

Overseas selling prices

Country	Price
Argentina	£1.30
Australia	£1.30
Belgium	£1.30
Canada	£1.30
France	£1.30
Germany	£1.30
Italy	£1.30
Japan	£1.30
Netherlands	£1.30
Spain	£1.30
Sweden	£1.30
Switzerland	£1.30
USA	£1.30
West Germany	£1.30

BUPA announces further £20m hospitals scheme

By Nicholas Timmins

The British United Provident Association is to commit £20m this year to building four private hospitals, and possibly the same amount for four more next year, to help to meet the growing demand for private medicine.

The provident fund, which covers most of the private medical insurance in the United Kingdom, already owns the 68-bed Nightingale BUPA Hospital in London. It has just built a £4.750,000 hospital in Manchester and is in the middle of a £20m building programme to provide another 180 private beds in four hospitals at Bushey and Harpenden, in Hertfordshire, at Cardiff and in the Wirral.

The plans for further expansion were announced yesterday by Mr Derek Damerell, chief executive of BUPA, at the association's 93-bed hospital in Manchester. It is the largest private hospital to be built outside London and is to be opened officially later this month.

There has been a spectacular increase in the number of people buying private health cover. Subscribers rose by 27 per cent last year and more than 3,750,000 people are now covered. BUPA accounts for nearly three million of them.

Sites for the four new 50 to 60-bed hospitals have not been selected, but areas that BUPA is examining include Bromley and Chislehurst in Kent, the Essex border to London, Crawley, in Sussex, Portsmouth, Norwich, Newcastle upon Tyne, Nottingham and Peterborough. A decision on whether to commit a further £20m to four more hospitals next year will depend on whether the demand for private medicine continues to grow at the present rate.

King's visit causes BBC to put off show

By Kenneth Gosling

The BBC has postponed the reshowing next week of the two-part television adaptation of the Harold Robbins novel, *The Pirate*, because it might give offence to King Khalid of Saudi Arabia, who will be in Britain on a state visit.

The decision recalls the controversy after the showing a year ago of the ATV film *Death of a Princess*, which led to strained relations between the two countries. The BBC said yesterday that there was a possibility that parts of *The Pirate* might have been offensive to the king.

It was while the Saudi ambassador was at the Foreign Office yesterday to discuss the visit with Sir Ian Gilmour, the Lord Privy Seal, that he expressed concern at the effect the programme might have.

But it is understood the BBC had already decided to transfer it to a later date, substituting two programmes in the Moviola series next Monday and Wednesday, when the original programmes were to have gone out.

The Foreign Office made clear yesterday that it did not put the BBC under any pressure or ask it to change its mind about the timing of the programme. Yet it would no doubt have explained to the BBC that the Saudis were very sensitive about such matters.

The Pirate was first shown in September 1979, being billed as "Harold Robbins' saga of power and passion". The story is set against the background of the Arab-Israeli conflict; the principal character, Jewish by birth, had been raised by a wealthy Arab ruler.

He becomes "a manipulator of world politics, an international playboy and the central figure in a high life of sex, intrigue and danger". He is played by Franco Nero.



A clay model of Lady Diana Spencer, draped in a damp cloth, being finished by Mariel Pearson, the sculptor, at Madame Tussauds, in London. When cast in wax it will be clothed in an evening dress given by Lady Diana.

'The Times' to launch health supplement

By a Staff Reporter

Mr Rupert Murdoch announces today an addition to the stable of supplements published by *The Times*. A new weekly, *The Times Health Supplement*, will be launched in October. It will be edited by Miss Jill Turner, formerly health and social services correspondent of *New Society*.

Mr Murdoch, chairman of Times Newspapers Ltd, said: "The health services are under-reported. This newspaper will attempt to supply the remedy."

The scheme for *The Times Health Supplement* originated under Thomson ownership and had to be rejustified when *Times Newspapers* was sold to

Mr Murdoch's News International earlier this year. The supplement was originally to have been published from Oxford, but will now be printed in common with the other supplements of *The Times*, in Northampton. The editorial staff of 12 will work from London.

The new weekly is intended to cover every aspect of health policy and will be addressed to all who take or influence decisions affecting health care.

Miss Turner said yesterday that it was expected that the supplement would sell at 45p. It was hoped to achieve a circulation of 15,000 to 20,000 copies a week in the first year of publication.

Union enters store takeover battle

By Donald Macintyre, Labour Reporter

The biggest shopworkers' union yesterday stepped into the takeover battle for the House of Fraser with detailed demands on behalf of its members at Harrods and the company's other department stores.

Leaders of the Union of Shop, Distributive and Allied Workers are to seek talks with both Lorch and the House of Fraser in an attempt to secure guarantees that manning levels and terms and conditions will be maintained and improved, whoever wins control.

Assurances from both companies that they would maintain and develop their operations in general, and at Harrods in particular, have failed to satisfy shop stewards representing almost 1,000 members at the Knightsbridge store.

The move is said to have been prompted by anxiety among Harrods staff over the Lorch bid for the company, now referred to the Monopolies and Mergers Commission, and the highly publicized divisions within the Fraser board over the takeover plan.

The union is to challenge both parties to say that there will be no redundancies or increased renting of sections of the Fraser stores to brand name concessionaires using their own staffs.

Mr John Flood, the union's deputy general secretary, said yesterday that Harrods was "unique in European if not in world retailing", and depended on a full establishment of specialist staff.

The union will also say that its policy conference this year pledged to fight for the elimination of part-time staff who do other jobs as well as work in department stores. Mr Flood emphasized that "moonlighting" was an issue throughout the country and not confined to Fraser stores.

It also wants guarantees that both groups would maintain and develop the share plan, under which an estimated 19,000 of the chain's 32,000 employees have a stake in the company, and that neither would sell off stores in order to lease them back, with a possible threat to long-term job security.

Fears over private lorry tests

Public criticism of heavy lorries will increase if the Government hands over Department of Transport testing of lorries to private garages, the Road Haulage Association said yesterday.

Remused by its desire to reduce civil servants and its faith in free enterprise, the Government was proposing to hand over a function in which competition was entirely inappropriate and could lead to abuse, the association told the Commons Select Committee on Transport.

Lorry testing was a public service essential to road safety. Mr George Newman, director-general of the association, told the committee, "Public concern about and criticism of heavy goods vehicles are at present contained to some extent by the knowledge that they are subject to stringent annual tests conducted impartially by Government testing stations."

The present system had achieved a substantial improvement in lorry maintenance since 1968, much of it because of its assured impartiality.

Both bus and lorry operators have united in protest against the proposals, which is seen as no more than a cosmetic and doctrinaire device.

THIRD MAN QUIT'S RACE INQUIRY

By Our Education Correspondent

A third member of the committee of inquiry into the education of ethnic minority children has resigned over the Government's dismissal of the committee's chairman, Mr Anthony Rampton.

Mr E. J. B. Rose, chairman until last year of Penguin Publishing, cofounder of the Rummy-mede Trust and author of *Colour and Citizenship*, the result of a five-year survey which he directed into race relations in Britain in the 1960s, wrote yesterday to Mr Mark Carlisle, Secretary of State for Education and Science, informing him of his decision to resign.

Mr Rose learnt of Mr Rampton's removal on returning a few days ago from central America. Two other white members of the committee, Mr Kenneth Millins and Professor Eric Hawkins, announced their resignations a fortnight ago.

Mr Rose said yesterday: "I think Tony Rampton has been very badly treated. It is unwise and unjust. He kept together that committee, which was so full of disparate elements, and I do not believe anyone else could have done that."

He was very liberal and encouraged every point of view, and that meant that discussions were sometimes long. But he was a very good chairman."

How to bait traps for gourmet mice

By Robin Young
Consumers Affairs Correspondent

Mice prefer chocolate, dried fruit, nuts or lard to cheese in their traps, and if you feed silverfish flour they should stop eating your books.

Which? the monthly magazine published by the Consumers' Association, has been testing the susceptibilities of household pests.

Its report includes the information that a cat can support up to 15,000 fleas. Each adult flea spends only about 10 minutes a week on the cat. If one has decided to pay you a visit you will probably be bitten around the ankles.

Bites on the arms or face probably mean that you have attracted bird fleas instead. Human fleas, if not an endangered species, are at least extremely rare.

Lice are no sluggards. They can move quickly, so are often noticed only after they have laid their eggs. "If large numbers of lice are present for a long time you can feel quite ill," Which? says.

Pouring boiling water into ants' nests "may be psychologically rewarding but is unlikely to be effective", and Which? suggests that wasps "do a lot of good—killing flies, among other things"—and are best left alone, unless they are boring into mortar between bricks.

Wasps rarely sting unless annoyed, but "quite a few of our members have run into difficulty with do-it-yourself wasp-killing".

Rats and mice can spread serious disease and cause various catastrophes about the home by their incessant gnawing. Traps are best laid in series at right angles to the animal's runs, but Which? found that mice really do not like cheese very much, so it is not a good bait.

To test the effectiveness of fly-killers, Which? killed 30,000 flies, releasing them in a typical room in batches of 500.

Fly-papers worked "surprisingly well", becoming ineffective only when overcrowded with victims.

Most aerosols scored a 100 per cent knockdown rate in 10 minutes, but some left victims to buzz and skitter for a while afterwards. Which? says that where possible, killers using non-persistent pyrethroids should be preferred to those containing toxic diazinon or gamma BHC.

Mafu fly balls, which are moistened to attract flies, "hardly worked at all". However, Which? says that might be because "our flies were well treated and not particularly thirsty before being released into the test room."

Pay policy in public sector 'erratic'

By Peter Hennessy

The Government's attitude towards employment in the public sector and public service has been erratic and bedevilled by serious inconsistencies, according to a volume of case-studies on the implementation of Conservative policies since the 1979 general election published today as an interim assessment by the Royal Institute of Public Administration, the Westminster-based "think tank".

Dr Philip Beaumont and Mr David Heald, of Glasgow University, note that "the Government has stopped the hitherto almost inexorable growth in

public employment, though the numerical decline in the first year is relatively small, its significance should not be underestimated".

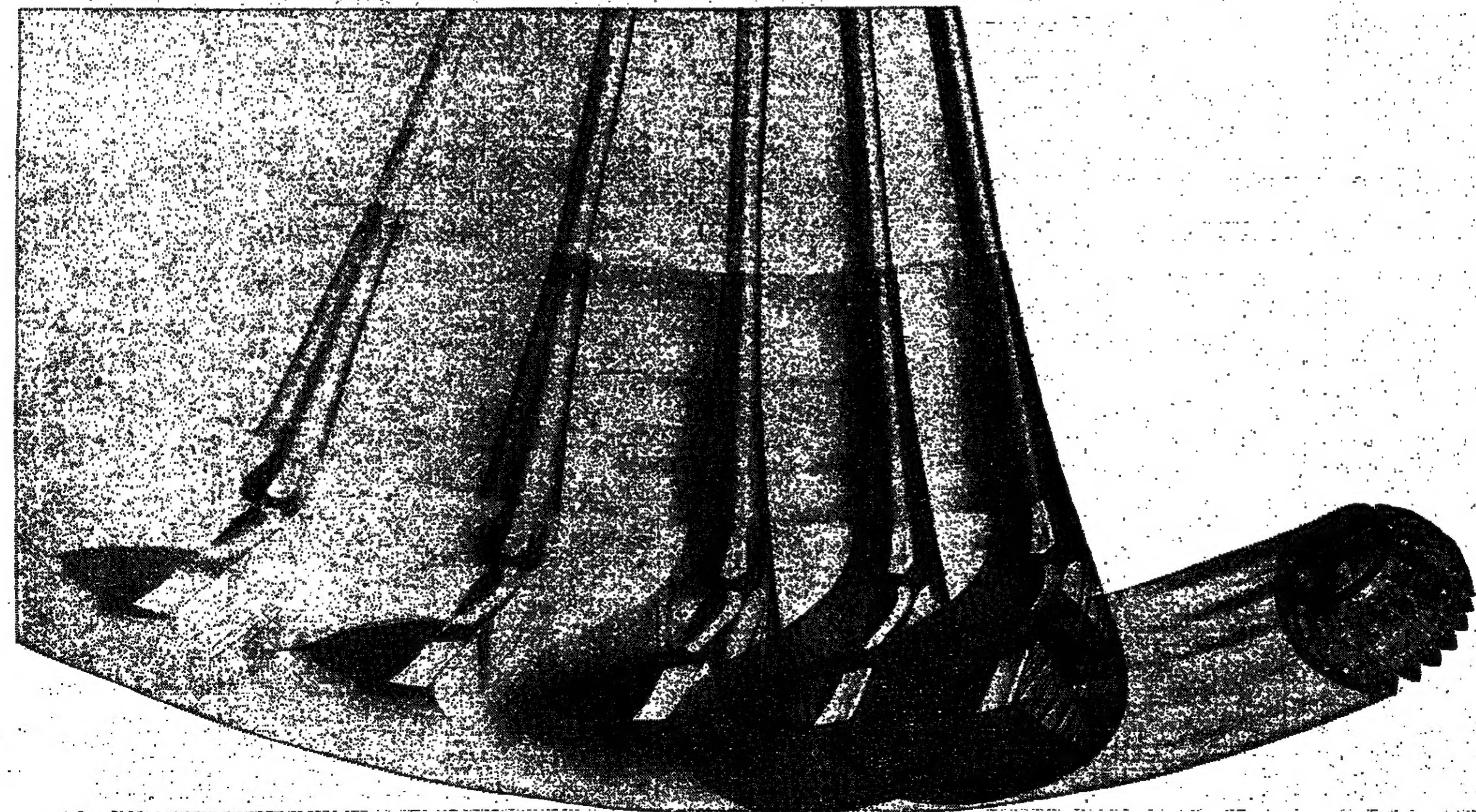
But, the authors note, by a striking irony awards recommended by the now-defunct Clegg commission on pay comparability led to a rise in the relative cost of public employees in its first year of office.

They comment: "Its policy on public sector pay has been erratic: first keeping Clegg, then abolishing Clegg and then setting what amounts to a public sector pay policy designed to claw back earlier gains. By re-

jecting comparability without specifying any long-term alternative, the Government has failed to tackle the problem of public-private pay desynchronization."

Other essays in the volume, completed under the editorship of Professor Peter Jackson, of Leicester University, embrace economic, industrial, social and transport policy and the relationship between central and local government.

Government Policy Initiatives, 1979-80: Some Case Studies in Public Administration. (RIPA, 3 Birdcage Walk, London, SW1E 9JJ, £3.50 plus postage).



olivetti

THE OLIVETTI ELECTRONIC TYPEWRITER. SO ADVANCED IT MAKES OTHER TYPEWRITER TECHNOLOGY OBSOLETE.

From now on the Olivetti electronic typewriter is the only way to type. To use anything else is to ignore progress. Olivetti increases productivity, improves the quality of typing, helps eliminate noise and fatigue and offers the most advanced and complete typewriter range in the world. These are just some of the reasons Olivetti is current world leader in the typewriter market. To ignore them and choose anything other than an Olivetti electronic typewriter is tantamount to making your office obsolete.

For more information on the Olivetti electronic typewriter send this coupon to: Valerie Belfer, British Olivetti Limited, PO Box 1AP, 30 Berkeley Square, London W1A 1AP

NAME _____
POSITION _____
COMPANY _____
ADDRESS _____

TEL 4/670

TEL

TV film shows boy tied to post in hospital

By Lucy Hodges

A shocking indictment of life in hospitals for the mentally handicapped is due to be shown next week on ATV television, in a programme that will include shots of a child tied up for hours on end and adults confined in cages outside.

Written and directed by Mr Nigel Evans, a freelance producer, the film, *Silent Minority*, is the first of three being screened by ATV to mark the International Year of Disabled People.

Filming took a year and was done mainly at St Lawrence's Hospital in Caterham, Surrey, and Borocourt Hospital, near Reading.

The film, which was shown to the press yesterday, looks at Greenacres, the children's ward at St Lawrence's. It shows mentally handicapped children, clean, fed and dressed but hopelessly lonely. Two blind children, chained together for comfort, others sit alone, rocking back and forth and chewing on their clothes.

In the adolescent ward one of the boys, Nicky, is seen trying to attract the nurses' attention by pulling cloths off the tables. They patiently replace them but give him no attention.

He ends up tied to a post for four or five hours a day, his head nodding up and down repeatedly.

At Borocourt hospital a wire compound has been erected in the grounds, paid for by the

League of Hospital Friends. Adults are locked in there unsupervised, for hours.

Many suffer from blisters as a result of hypersensitivity to the sun caused by the drugs they are given. In one ward at Borocourt in 1979 the patients contracted gangrene.

Mr Evans blames the system in these large hospitals as well as the policy makers. He also says there are not enough staff. A former student mental nurse comments: "It's like some sort of horror show that's going on in the background that no one really wants to admit."

"You have not got enough nurses to cope with the patients. You have just been through the experience of trying to wash, bathe and feed 20 sometimes severely ill people between three of you. You have got to relax at that point."

"And so the answer has become to use the compounds; to open the doors and say 'Right, go out there and entertain yourselves'."

"It hurts me to do it. I think it hurts everyone, but I think with time you get used to it. I think with time a soldier gets used to killing people."

The film contrasts those hospitals with a special small unit for patients, the only one of its kind in Britain, where severely disturbed children are coaxed out of their anti-social behaviour.

There is some doubt about

whether the IBA will allow the film to be shown in its present form.

A spokesman said discussions were going on with ATV about the programme, which is due to be shown at 9 pm next Wednesday. "We need to be sure that it is seen to be as fair and impartial as possible," he said.

MIND, the mental health charity, has written to the Secretary of State for Social Services drawing his attention to the programme. "We have urged the Government to stop agonising and start restructuring mental handicap services," Mr Tony Smythe, its director, said.

Health regions should be planning the merger of some obsolete mental handicap hospitals and the run-down of the vast majority so that within the next 10 years they are replaced by a network of district-based services.

Mr Brian Rix, the former actor, who is secretary-general of the National Society for Mentally Handicapped Children and Adults, described the documentary as a shocking testimony of the deprivation and indignities suffered by thousands of mentally handicapped people living in such institutions up and down the country.

He said there was no doubt the people were brutalized by their environment, which was impersonal, institutional, and, in too many cases, inhuman.

Reprisals fear shuts black youth club

A predominantly black youth club in Thornton Heath, south London, cancelled its regular meeting last night because community workers feared that it would be the target for reprisals by white youths angry over the killing of Mr Terence May, aged 19, on Monday night.

Mr May was dragged from his motor cycle by a gang of black youths and stabbed to death after an attack on the Thornton Heath.

Mr Chandraburj Anwar, chief community relations officer for the borough of Croydon, said: "There is a need for calm and all the community leaders will be spreading that message throughout the area."

The borough has a coloured population of about 25,000 out of a total population of 320,000. Most are concentrated in the Thornton Heath, Norbury and Norwood areas.

It is not recognized as an area of black political militancy, nor does it have many of the problems associated with inner-city areas such as Brixton, and in south London. The streets around Melfort Road, where many blacks live, are pleasant and the terrace houses well kept. For youngsters there is the Parchmore youth and community centre, which the organizers want to be multi-racial. But it has become almost exclusively used by blacks on Monday and Wednesday club nights.

On the predominantly white Green Lane estate, where Mr May lived, there are few facilities for youngsters and it is poorly served by public transport. Community leaders have pressed the local council to provide more facilities on the estate, recognizing that the apparently better facilities for black youngsters have created tensions.

However, they blame the increasing animosity between white and black youths on the activities of the National Front in the area and on the rioting at Brixton, which they say, helped to polarize the community.

Mr Anwar said: "We are only a few miles from Brixton, and there may have been some spin-off from the violence. There is some tension in the community and there are extremists who try to make use of that."

The National Front admit that they are active in the area and a candidate who stood for Croydon North West, Stuart Greater London Council elections received 395 votes.

IN BRIEF

Two feared dead in boat mishap

A woman drowned and her husband was missing, feared drowned, yesterday after a hired motor cruiser went over the "Whitchers Cauldron" weir at Crutcheys Lock on the River Trent, near Newark, Nottinghamshire.

A RAF helicopter flying near by was diverted to rescue the couple's two children from the water. One, a boy aged 13, was in a critical condition last night; his sister, aged 12, was suffering from shock and bruising. The family were from Ashford, Kent.

Dog fight

Mr Ronald Mallinson, aged 55, a demolition contractor, and his wife, of Kidd Lane, Melbourn, Cambridgeshire, who claimed a barking dog kept them awake at night for two years, received £400 agreed damages yesterday at York County Court from their neighbours who own the dog. Mr Brian "Brook" and his wife settled out of court.

Escape book charge

Loveline MacKenney, aged 25, of Crutcheys Road, Catford, London, daughter of Mr Henry MacKenney, who is serving a life sentence for murder, was committed for trial by magistrates at Greenwich yesterday on charges of dishonestly handling stolen RAF manuals on escaping from jail and survival on the run.

PC shoplifter

A police constable on the staff of Buckingham Palace was fined £50 yesterday for stealing £310 of food from Woolworth's. Inner London Crown Court was told that Police Constable James Eastment Brown, aged 27, who almost certainly lost a £3,500 pension. He denied the charge.



An artist's impression of the façades planned for Wardrobe Place.

Wardrobe's new clothes

By Charles McKean, Architecture Correspondent

New proposals to redevelop Wardrobe Place, near St Paul's Cathedral, will be considered by the City of London planning committee in the next few weeks, if a backlog of applications can first be exhausted. The plans, by the architects, Ronald Ward and Partners, show considerable amendments to the original scheme.

Wardrobe Place is a quiet backwater off Carter Lane, itself saved from a destructive road scheme some ten years ago. It is entered through an archway, and has the atmosphere of the Inns of Court. The offices within are occupied by accountants, publishers and similar small businesses.

The redevelopment proposal deals with three sides of the square: the entrance facing Carter Lane, the east toward Addie Hill, and the south toward Wardrobe Terrace. Most of the existing scheme is a new building, although part of the north and south wings would be rebuilt behind the present façades. A study of refurbishment demonstrated that it would be about 30 per cent more expensive.

One question raised is whether the redevelopment might not drive further out of London the small businesses which inhabit the buildings. Apart from the relocation during construction, it is probable that the new rents would be of a different order from the old; but then, so would the amenities. The argument then goes that some businesses would prefer old and less well provided offices for reasons of low rent and so forth.

Those are planning questions. It is clear that the City corporation has to decide sooner or later whether to insist that developments provide purpose-designed accommodation for small firms. For, despite the architects' intent that schemes such as this could be subdivided for smaller users, a premium would have to be paid.

On the other hand, if it became a planning restriction that small, self-contained offices were the only planning objective that was acceptable, different economics would apply. As it is, the proposals allow for 75,000 sq ft of office space with limited entrances,

with a large public house facing Wardrobe Terrace, a café, and a caretaker's flat.

The architecture of the scheme is a different matter. Ronald Ward and Partners were the authors of the extraordinary Colette House in Piccadilly, with its gay bands of colour and cheerful use of historic details. Here, much of that approach is repeated. The architecture proposed is possibly better than that which exists.

The revised design for the courtyard facade has overcome many of the weaknesses of the original proposal. We now have a series of patterned brick arches the length of the facade, the columns between the arches being of a giant order and running from top to bottom of the facade.

In the centre will be an arched doorway. With the exception of the roof treatment (as in Colette House) the facade would be a giant order and running from top to bottom of this office development.

Lambeth faces racial bias charge

Lambeth Council, which prides itself on its equal opportunities policy, faces an allegation that one of its employees racially discriminated against an Indian in his department.

Lambeth takes in Brixton, the site of the recent riot. Mr Hartley Dean, director of the Brixton advice centre in Raiton Road, said: "This case is a test of Lambeth Council's ability to put its race relations and equal opportunities policies into practice."

The left-wing Labour council is presided over by Mr Ted Knight. Its equal opportunities policy is one of the stiffest in the country, and all employees have to read and sign a document.

The council is now in the embarrassing position of being taken to an industrial tribunal by Mr Shashin Majithia. It denies the charge of racial discrimination.

Mr Majithia, who has worked as a clerk in the council's finance department for six years, filed a complaint last year.

He alleged that Mr David Elsegood, a chief cashier, made rude remarks about him in front of other staff, all of whom were white, and that he frustrated his attempts at promotion. Mr Majithia had applied for 30 jobs, with no success.

He said he was not allowed time off to collect a £750 deposit he had given to a local estate agent and thereby lost the money. He was also not allowed a day off to meet his mother at Heathrow. That treatment was different from that given to other staff.

When Mr Majithia was late for work in March last year because of a bus strike, he says Mr Elsegood shouted at him. He had said he should learn the manners and discipline of this country.

At a formal grievance hearing lasting five days, Mr Elsegood did not deny having said those things, but he did deny racial discrimination. An 18-page report did not find any evidence of discrimination in promotion, but made a number of recommendations. These included discussion of equal opportunities training seminars.

None of the recommendations was implemented because things quickly got out of hand. Mr Majithia claims he was sent to Coventry by the other staff and physically assaulted by one. After taking a straw poll of the office, the finance director promoted Mr Majithia out of the section. It was the failure to implement the grievance panel's recommendations that led Mr Majithia to take action against the council.

He has been supported by Mr Jay Thakkar, of the Asian Community Action Group. Without Mr Thakkar's help he said he would have left his job and the country. "It has made my life miserable," he said.

Lambeth council said yesterday that it had a strong equal opportunities policy and that complaints were thoroughly investigated. It said it was denying the charge of racial discrimination at the industrial tribunal.

Mr Elsegood said yesterday that he did not want to comment. "There is no suggestion that I discriminated on racial grounds. It was to do with Mr Majithia's conduct," he said.

BODIES IN WRONG GRAVES

Council officials in Newport, Gwent, apologized to mourners yesterday for burying three bodies in the wrong graves.

The borough council has drawn up a code of practice to ensure that such a mistake does not happen again. It has applied to the Home Office for permission to exhumate the bodies for reburial.

Mr George Stephenson, the superintendent at St Woolos cemetery, has been suspended for a month by the council after an internal disciplinary hearing. He has been told he will get a final written warning, subject to appeal.

Mr Alfred Ropke, head of leisure services, said the mistakes took place when unmarked graves were reopened for new burials.

"The error was first spotted by a stonemason who was asked to put a headstone on one of the graves. After that discovery we checked through our records and discovered three cases in all," he said.

Cash award to boost inventions

An award to encourage university and polytechnic staff to become involved in business and industry is to be introduced by the Government later this year.

The idea comes from Mrs Margaret Thatcher as part of a campaign to improve the success rate in translating British inventiveness into commercial development.

The scheme, to be introduced by the Department of Industry, will recognize two or three important innovations a year with sums of several thousands pounds each to be spent at the place of higher education.

The details have to be worked out, but the department said yesterday that the criteria for assessing projects were being drawn up with interested parties.

Suitable projects would include specific inventions from research, collaborative ventures between industrialists and academics to solve a particular problem of manufacturing or process engineering, and advanced programmes of education and training to improve efficiency.

The thinking behind the new award was contained in an address recently by Mrs Thatcher on science, technology and business to a private meeting of the Parliamentary and Scientific Committee. She regretted that the reorganization of the Commons select committee structure had seen the demise of the one on science and technology, and hoped it could be reestablished.

She spoke of how inventive the British were but how poor in terms of developing and marketing their inventions. There was a long way to go before proper recognition would be given to the country's inventors.

She wondered whether effective use was being made of the engineering and scientific talent in universities and polytechnics. Some were well organized to help inventive firms, and a few had set up bodies through which discoveries in the laboratory were turned to commercial use.

But if the country's future, and that of science, depended on economic wellbeing, then the path had to be eased for innovation.

THEOLOGY UNIT TO CLOSE

The council of Southampton University has approved proposals to close the university's theology department and to reconsider the future of Russian studies when the single member of staff in the Russian department leaves. Degree-level teaching in Russian will continue until that time.

The proposals, put forward in a report by a working party chaired by Professor John Roberts, the university's vice-chancellor, have been approved by the university senate.

Suspended general in accounts inquiry

By Stewart Tendler and Henry Stachope

Members of the Army's Special Investigation Branch are examining military accounts in connexion with a major-general suspended from duty by the Ministry of Defence said yesterday. The inquiry concerns Major-General Henry Dazell-Payne, formerly in command of the 3rd Armoured Division of the British Army, who was suspended on full pay almost a year ago.

Last year four summonses accusing him of dealing in vintage port on which duty had not been paid were dropped by customs officials. Magistrates at Dover dismissed the charges and the officer was awarded costs.

The present investigation is not connected with those charges, according to army sources, but refers to the period when the officer was serving in West Germany. West German police are not involved.

The initial suspension took place on June 27 while General Dazell-Payne was GOC of the division. He was replaced in command there last November when his term of command would have been completed. Since then he has been living in Britain.

The statement issued by the ministry said that no other soldier had been suspended from duty in connexion with



Major-General Dazell-Payne: Commanded armoured division

Jewish backing for protest over West Bank twinning

By Frances Gibb

A petition was launched yesterday by a group backed by the Board of Deputies of British Jews in protest against Dundee District Council's decision to twin with the West Bank town of Nablus and display the Palestine Liberation Organization flag.

The decision by the Labour-controlled council has provoked strong protests both from the city's Jewish community and from local politicians, academics and church leaders.

It was followed by the first anti-Semitic incidents in the city's history, including the desecration of the synagogue with swastikas and National Front symbols.

Mr Greville Janner, Labour MP for Leicester, West and president of the Board of Deputies of British Jews, said yesterday that the decision of the council to twin with a town with which it had nothing in common showed incredible obnoxious stupidity and insensitivity.

The petition calls on the council to revoke the decision to twin with Nablus and remove the flag. It is expected to attract more than 5,000 signatures, including those of 100 MPs, 1,000 from citizens of Dundee of all politics and faiths; 1,000 from leaders in British political, commercial, industrial, civic and church

life and 1,000 from leaders of the British Jewish community. The petition is to be presented to Parliament during this session. It will be open for public signatures on July 5, when there is a mass rally in Trafalgar Square against the PLO and peace in the Middle East sponsored by the British Board of Deputies.

Apart from Mr Janner, its sponsors are Mr Richard Douglas, Labour MP for Dunfermline, Mr William Walker, Conservative MP for Perth and Perthshire, East, and Mr Gordon Wilson, Scottish Nationalist MP for Dundee, East.

Mr Walker said yesterday that the PLO had claimed the twinning with Dundee as a victory "to the conquerors really wanted to further the cause of peace in the Middle East they could have chosen a town like Jeddah or Riyadh, but why one with such historical connections as Nablus and the problems relating to the present situation?"

Mr Wilson said the act had greatly damaged Dundee's image and reputation. The link with a terrorist organisation had harmed Dundee's international standing.

Mr Kenneth Fagan, deputy leader of the council and city treasurer, said yesterday that there was a question of revoking the decision.

TO THE RETAIL TRADE FROM DICKIE DIRTS

Where lies the logic in the current shopping hours?

At present it is against the law for shops to sell most types of goods after eight at night and on Sundays.

Dickie Dirts is a retail shop selling jeans and casual clothing. For three and a half years they have been open from 9am until 11pm seven days a week.

The majority of Dickie Dirts' trade takes place in the currently illegal shopping hours.

26% after 8pm Monday to Saturday

27% Sunday

Dickie Dirts are currently running an opinion poll which asks the public their opinion of the law regulating shopping hours. So far over 40,000 votes have been collected, out of which 94% are in favour of late night and Sunday shopping. The general opinion expressed by the majority of these voters is that these are the most convenient times for them to shop.

The majority of shops appear to forget that they are in business to provide a service for the customer.

The laws pertaining to shopping hours are out of pace with modern Britain. Today we are a nation of many races and creeds and most people do not have the time available to do all their shopping conveniently during conventional shopping hours. Dickie Dirts believes that the law should be updated to suit Britain's needs.

Dickie Dirts would like to know the opinion the Retail Trade on this matter.

Please write to:

Dickie Dirts

396-400 North End Road, Fulham Broadway, London SW6

Tel: 01-381 3169

Open 7 days a week 9am - 11pm

سكان من الأحياء

Riot police use tear gas on school protesters

From Ray Kennedy, Johannesburg, June 3

Riot police today mounted a savage attack on Coloured mixed race high school pupils who attempted to organize a protest march outside Johannesburg over the detention of a student leader.

The headmaster of one school said it was a protest march and the police arrived. His pupils were writing tests and preparing for examinations.

Mr Henry Petersen, principal of the Westbury High School, said: "I was forced out of my office by tear gas. My children were hospitalized, beaten up, and what for? They weren't marching. It was a normal school day."

Police said tonight 38 boys and two girls had been arrested on charges of trespass and two boys on charges of causing malicious damage to property.

The pupils' protest started at the Chris Janzani high school in the segregated Coloured township of Bonmont where Aziz Jardine, the Student Representative Council president, was detained last week by security police after a demonstration against the celebration of the anniversary of the South African Republic.

Hundreds marched to the Westbury high school to enlist support and, according to police, were planning to march to John Vorster Square, the Johannesburg police headquarters. The police said a small anti-riot squad was stoned by the pupils at Bonmont.

Reinforcements were called in and a "sneeze machine", a Land-Rover fitted with a fan that blows out a cloud of tear gas mixed with powder so that it sticks to the skin, circled the block while the police waded into the pupils with quirts—rubber sjamboks—and batons.

Blue Sisters win appeal on hospital

From Our Correspondent, Valletta, June 3

The Blue Sisters nursing order has won an appeal against a Maltese Government attempt to take over their hospital, after a long and bitter legal and bureaucratic struggle between the Government and the nuns of the Little Company of Mary—known as the Blue Sisters—from the colour of their veils.

In one of several legal and bureaucratic battles between the Government and the nuns' fight to use the hospital had ended.

In spite of the court ruling, however, the hospital is likely to remain under Government control. The court decision is one of two private hospitals remaining on the island, the Government refuses, in a separate but related legal action, to renew the hospital's operating licence.

When, at a previous court hearing, a judge agreed that a case for licence renewal brought by the nuns should be heard urgently, the Government suspended all superior court judges' duties, effectively closing the doors of the courts.

The judges' duties were resumed, but the licence renewal case is still pending.

The nuns can keep the hospital only if they continue to render the nursing service to the nuns under the Diocese of Foundation. They successfully deflected the Government's challenge on this point today, but without a licence they could face permanent closure.

Malta opposition pledges closer links with Britain

By David Spanier, Diplomatic Correspondent

Malta will apply for membership of the European Community and seek closer relations with Britain if the Nationalist Party wins the next election, in a confident account of its policy yesterday.

Dr Enoch Adami, leader of the opposition party, said Malta badly needed to regain credibility in its foreign policy.

The present Maltese Government's policy of neutrality, defined as non-alignment from the two superpowers, had failed, Dr Enoch-Adami said. Over the last 10 years Malta had gained few friends, antagonized many old ones and was still without any dependable security arrangement.

During his visit to London he called on Mrs Margaret Thatcher to explain his policies

Free Democrats split over change of partners

From Patricia Clough, Bonn, June 3

The cartoon in today's *Süddeutsche Zeitung* shows a combined statue of Herr Helmut Schmidt and Herr Hans-Dietrich Genscher, the leaders of the ruling coalition, each with an arm round the other's waist, firmly united. But standing in the background is a crumbling statue of the late Chancellor Konrad Adenauer.

Officially the deeply strained Social Democrat-Free Democrat coalition in Bonn is sound and fully committed to run the country until the next election in 1984. But on lower levels and particularly in the *Länder* the 12-year-old relationship between the two parties is disintegrating.

In some *Länder* tentative moves are being made towards a new alliance between the Free Democrats (FDP) and the Christian Democrats (CDU)

Costly social reforms announced in France

From Jan Murray, Paris, June 3

The French Cabinet today introduced a package of social measures, which will cost about another 8,000 francs (£700m) before the end of the year.

President Mitterrand promised to end the project to enlarge the Larzac Army Camp in the Aveyron; to introduce legislation to abolish the Court of State Security; to ensure a nuclear power station at Plogoff in Finistère would not be built; and to carry on the programme of nuclear arms testing in the Pacific.

All these promises relate to controversial subjects, which featured during his election campaign; but they could all become broken promises should the left lose the legislative elections later this month.

The extra cost of the social measures announced today is already causing groans from the employers, while the communist CGT union is complaining that not enough is being done.

Paying for these new measures will be too expensive within the terms of the existing French budget. In consequence a new tax is to be imposed on 100,000 people who last year paid more than 80,000 francs in tax. There is also to be a profit tax on oil companies and a luxury tax.

The most far-reaching measure raises the basic minimum wage immediately by 10 per cent from 2,653 francs to 2,900 francs (£254) a month for a 40-hour week. This will affect the wages of about a million people, 75 per cent of whom are women, and will add about 4 per cent to the national wage bill.

The second most important measure is a 25 per cent increase in family allowances from the beginning of next month. This will affect about four million families, with a total of 11 million children between them. A study on the reform of family contributions is also to be carried out.

Other measures to take effect from July 1 are to be ended increases for the 1,800,000 old age pensioners and the two million handicapped adults. Both will have their allowances raised from 1,417 francs to 1,700 francs a month.

A final two-stage measure will increase housing subsidies by 25 per cent from July 1 and by a further 25 per cent from December 1 for 2,300,000 households.

The system instituted last year to cut the cost of the health service is to be ended.

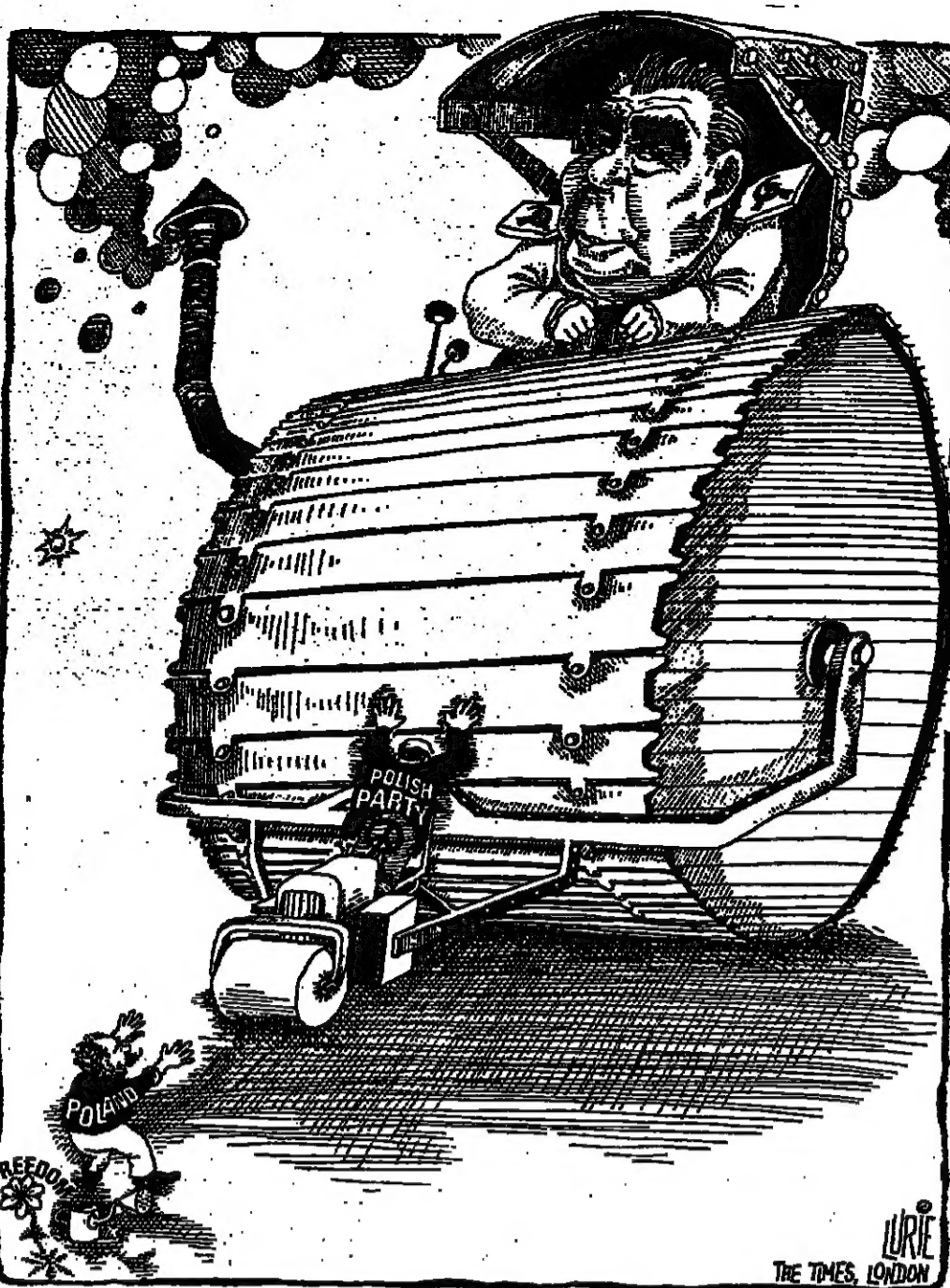
If these social measures were much as expected, the special statement by the President was not. It is clear from its tone that he had been under some pressure to clarify a number of issues, especially the nuclear one.

By cancelling the Larzac project the President has brought to an end a 10-year saga, during which the peasants of the area became the focus for environmental protest groups not only in France but throughout Europe. Huge rallies tended to politicize the fight against the extension of the Army camp.

The President's statement seeks to make it clear that the decision on Plogoff does not mean an end to nuclear energy development in France.

By turning down the concept of total reliance on nuclear energy for the future, he said, it did not mean that work would stop on power stations actually under construction. On the contrary, these would definitely be completed.

Human rights: The Cabinet decided to overturn the French Government's refusal to allow individual French citizens to put a case before the European Commission of Human Rights. That refusal, M. Pierre Bergery, the Prime Secretary-General said today, amounted on its own to a breach of the European Convention on Human Rights.



Polish party hits out at diehards

From Dossa Trevisan, Warsaw, June 3

The struggle between the conservatives and reformers within the Polish Communist Party took a new turn today as the Polish Politburo publicly accused the party's self-styled Katowice Forum of hindering the efforts to restore unity within party ranks.

One day after the Soviet media gave approving coverage to the Katowice Forum and its resolutions attacking the party's leadership, the Politburo roundly condemned the group and thus implicitly the Soviet haste in lending it support.

The Politburo which met yesterday, said in a press statement today that the Katowice Forum's programme was outright damaging to the efforts to forge party unity. The language was mild but the meaning was blunt and certainly goes beyond domestic dialogue.

Mr Kazimierz Barcikowski, a Politburo member, said the Polish leadership continues to be only apprehensive of the reformist trends in Poland but also increasingly suspicious of Mr Stanislaw Kania's moderate leadership.

The Katowice Forum couched its declaration in inoffensive language not used in Poland since the mid-1950s. It issued warnings against revisionism threatening the leading role of the party, questioned relations between Church and state and voiced objections to private farming in Poland.

It would be laughable were it not for the fact that it provides Moscow with the kind of evidence to prove that healthy forces in the Polish party share Moscow's concern. The fact that the Polish Politburo hit back at the group shows that it is being taken seriously.

A fortnight ago five people in Sosnowiec went on hunger strike demanding the release of political prisoners, four of whom, including Mr Leszek Moczulski, the leader of the right-wing Confederation of Independent Poland, have been held in prison since last September, awaiting either trial or release.

Mr Rudolf Skvorsky, the Soviet Consul General in Poznan, was today found dead in his home with a bullet head wound, sustained, according to official sources, accidentally while cleaning his hunting gun.

Leading article, page 15

Cheysson tries to reassure America

From Charles Hargrove, Paris, June 3

Having reassured the West Germans in Bonn yesterday that the coming to power of the left did not imply any shattering changes in French foreign policy, M. Claude Cheysson, the new Foreign Minister, is leaving for Washington tomorrow to accomplish a similar mission with the Americans.

The apprehensions of both the German and American Governments are broadly the same: the possible appointment of communist ministers after the general elections later this month; and the emotional approach of both President Mitterrand and M. Cheysson towards the developing crisis.

The Americans, unlike the Germans, will not beat about the bush over the communist issue. The Germans did not refer to it in their talks with M. Cheysson, but it is uppermost in the thoughts of every one in Bonn.

What the German and American governments also find highly disquieting is the appointment of M. Regis Debray, an admirer of the Castro regime in Cuba, as adviser to President Mitterrand.

M. Debray, who is 40, does not make any secret of his sympathy for the armed struggle against the American "imperialists" and their allies.

Lebanese troops may join Syrian force

From Robert Fisk, Beirut, June 3

As the first stage of the Arab League's initiative to end the fighting in Lebanon gets under way this weekend, President Sarkis is expected to propose that about 5,000 Lebanese regular troops should be seconded to the 22,000-strong Syrian Army here.

The Lebanese soldiers would then be ordered to take over duties from the Syrians around the besieged Christian town of Zuhle and in some western sectors of Beirut.

Mr Sarkis is due to address the Foreign Ministers of Saudi Arabia, Kuwait and Syria on Saturday at the presidential summer palace at Beit Eddine and the four men will concentrate on ways of bringing the fighting to a halt.

As nominal commander of the all-Syrian Arab Detachment (ADF), Mr Sarkis is able to propose a Lebanese reinforcement for the Syrian troops and is likely to do so with the full support of the Government in Damascus.

It will not be a moment too soon. There were further Israeli raids on Palestinian targets in Lebanon during the night—this time in the north of the country near Tripoli—and the Syrians have, for reasons best known to themselves, recommended their expulsion of Zuhle. Right-wing radio stations reported this afternoon that a girl aged 17 and a boy of 12 were killed in the bombardment.

The idea for the foreign ministers meeting on Saturday originated at last month's Arab League summit in Tunis, a conference initiated by Saudi Arabia at the instigation of Mr Philip Habib, President Reagan's special Middle East envoy.

Mr Habib is due to return to the area in the next day or so, and a genuine and lasting ceasefire in Lebanon is an essential part of his formula to resolve the crisis between Israel and Syria.

By putting Lebanese troops into Syrian positions under the ADF's umbrella, rather than merely replacing Syrians with Lebanese soldiers under a separate command—Mr Sarkis can maintain the legitimacy and continuity of Syria's military involvement in Lebanon.

The Palestine Liberation Organization (PLO) said today that it had suffered no casualties in last night's Israeli shelling of targets north of Tripoli. The Israeli Military Command said that its naval forces had targeted a centre of the Popular Front for the Liberation of Palestine.

Washington: The United States has conceded for the first time that Mr Habib, is working under a time limit to restore peace to Lebanon, (David Cross writes).

Begin castigates Schmidt

From Moshe Brilliant, Jerusalem, June 3

Mr Menachem Begin, the Prime Minister of Israel today again attacked Herr Helmut Schmidt, the West German Chancellor, and rejected claims that his earlier diatribes had misled the West round the Chancellor.

Mr Begin complained in Parliament that the Chancellor, who served in East Europe as a German combat officer, had never replied to his question whether he had served in East Europe, the town where the Prime Minister's parents had been murdered in the Holocaust.

Mr Begin said he had many letters from West Germany stating that his response to Herr Schmidt had been the only fitting reply by the Prime Minister of a Jewish state to an officer in Hitler's army.

"He can shout to high heaven and the German press can smear but I don't care," he said. And he declared all Germans who had lauded Hitler as long as he brought them triumph shared guilt for the crimes against which the Jews would not heal in 10 generations.

He said Germans should have no illusions that they purged themselves by paying \$800m (\$380m) in restitution when they had served tens of thousands of millions including the gold teeth of Jews.

Strict security precautions were introduced round the southern Sinai town of Ofira where Begin was to meet tomorrow in preparation for tomorrow's summit meeting between Mr Begin and President Sadat of Egypt (Christopher Walker writes).

AIRLINE FARES TO GO UP

From Alan McGregor, Geneva, June 3

A minimum increase of 5 per cent on passenger fares from September 1, and freight rates from October 1, was agreed by senior executives from 57 airlines who met here for the past two days. The increase on the North Atlantic is likely to be twice that.

Mr Adam Thomson of British Caledonian, the conference chairman, pointed out that all airlines operating on North Atlantic routes have been showing significant losses.

As the United States Civil Aeronautics Board had just sanctioned fare increases of between 10 per cent and 18 per cent for American airlines, he expected that some of the British airlines on the route would thus be seeking 10 per cent, rather than trying to stay within the 5 per cent.

He said the extra 5 per cent was estimated to bring in \$500m (\$230m) in the airline's aggregate revenue this year, so reducing their expected deficit to \$2,100m.

Paris: Increases in British Airways security charges were a manifest rip-off in a time of economic recession, Mr Alastair Pugh, managing director of British Caledonian, told an aviation conference here today (Arthur Reed writes).

Two department stores in the centre of Athens were burnt out early this morning and the authorities tried the fires as politically motivated arson.

Anonymous telephone calls to two Athens newspapers tonight claimed responsibility for the arson on behalf of two different and unknown organizations—the "Revolutionary Anti-Capitalist Action" and the "New Organization". Police are treating these claims with reserve.

Although there is no reason to link this outrage with the routings of a thwarted military coup on Monday night, the coincidence generates a feeling of uneasiness in the Greek capital.

Mr George Rallis, the Prime Minister, watched the fire brigades battle to control the fires, soon after they broke out at 3 am within 15 minutes of each other.

The fire gutted almost the entire block in the Kleofantos department store on Aiolou Street, and it caused severe damage in the seven-floor Athenian department store on Stadium Street.

The similarity with the twin blaze that destroyed two other department stores in the same district shortly before Christmas, was striking.

10 DAYS ONLY

Now time really is money! The Rumbelows are offering you prices so low they can only last for ten days.

So hurry—come to Rumbelows, where everything's backed by the unique Rumbelows Bond:

- FREE DELIVERY. FREE REMOVAL OF OLD APPLIANCES.
- 14-DAY EXCHANGE. FREE SERVICE FOR A YEAR.
- ACCESS AND BARCLAYCARD WELCOME.

Save Video Recorder VTC 9300 FN

72 hour pre-set facility. Records one channel while you watch another. Up to 34 hours continuous play.

Normal Price £399.99. 10 DAYS PRICE **£389.99**

Indesit Auto Washing Machine 692 AOC. 10 programmes. 11 kg load. Stainless steel drum.

Normal Price £149.99. 10 DAYS PRICE **£129.99**

USE UP TO 10% OFF FOR SELECTED TWO-TIME ASK FOR DETAILS.

Pilot Music Centre P554.3 waveband radio. Auto stop and pause on cassette.

Normal Price £129.99. 10 DAYS PRICE **£119.99**

Pilot Fridge/Freezer 30881/2. Auto defrost. 5 cu.ft. fridge. 2.9 cu.ft. 4-star freezer. Normal Price £209.99. 10 DAYS PRICE **£179.99**

Moulinex Major. Auto flex rewind. Bag-full signal. Churns to edge.

Normal Price £29.99. 10 DAYS PRICE **£24.99** inc. £10 P.K.

Also available:

Normal Price	10 DAYS PRICE
Pilco Styling Brush 1187.	£6.99 £5.99
Brown Std. Synchro S. Shaver.	£16.99 £13.99
Stiebel Eltron Knife/Mixer KMRS.	£16.99 £13.99
Morphy Richards Steam Iron 42780.	£16.99 £14.99
Russell Hobbs Auto Kettle K25.	£19.99 £17.99
York Stereo Clock Radio B15.	£39.99 £17.99
Ionia Blender BPE 47W.	£21.99 £19.99
Tefal Sandwich Toaster 36021.	£26.99 £24.99
Prestige Pressure Cooker 6167.	£34.99 £29.99
Binafones "Mysterypiece" Clock Radio/Cassette.	£45.99 £32.99
Saenatel 12" Mario TV 750.	£54.99 £49.99
Sharp Stereo-Radio Cassette 6060.	£84.99 £72.99
Electrolux Cylinder Vacuum Cleaner 355.	£89.99 £74.99
Creda Tumble Dryer 300 RS.	£82.99 £74.99
Pilot Fridge 35781/2.	£109.99 £94.99
Indesit Auto Washing Machine 692 AOC.	£149.99 £129.99
Indesit Fridge/Freezer 418.	£169.99 £149.99
Hoover Twin Tub Washing Machine 5022.	£179.99 £159.99
Philips Microwave Oven 7910.	£224.99 £214.99
Pilot 22" Colour TV 1735.	£274.99 £249.99
Ferguson 22" Colour TV 3792.	£329.99 £299.99

RUMBELOW'S

We save you money and serve you right.

Chinese drive to induce Taiwan to restore links

From David Bonavia, Peking, June 3

The Chinese leadership has turned the funeral of Soong Ching-ling, widow of Sun Yat-sen, the founder of modern China, into one of its biggest propaganda offensives aimed at Taiwan.

Mrs Soong was cremated last night at the Babaoshan cemetery. Her ashes will be interred beside those of her parents in Shanghai, where she lived most of her life.

It seems as if the forthcoming visit to Peking by Mr Alexander Haig, the United States Secretary of State, has given added impetus to the Chinese Government's campaign to isolate Taiwan politically and reintegrate the island province into the People's Republic.

Countless commentaries and personal reminiscences printed and broadcast here have served as reminders that Mrs Soong was an active member of the Kuomintang (Nationalist Party) when it ruled most of China until 1949, albeit an adherent of the party's rebellious left wing.

Mrs Soong's entire life has been used as a symbol of the need for Chinese people of any political persuasion to mend their differences and work for the good of the Chinese nation.

China's efforts to show that it is taking a moderate and conciliatory line over Taiwan do not disguise the fact that there is considerable disappointment here over the Reagan Administration's intention of restoring some measure of closer links with the Kuomintang regime.

Peking has not neglected to emphasize that its present alignment with the United States is not a permanent world issue, but based on a strategic assessment of the world balance of forces.

This does not amount to an actual threat that China, if continually frustrated by American attitudes towards Taiwan, might think of moving back towards some sort of understanding with the Soviet Union and its allies.

The Peking leaders are well aware that it is not links with the United States which stand most in the way of the reintegration of Taiwan. More important, and harder to confront, are the high living standards and prosperous economy of Taiwan.

Many Chinese people on the mainland are puzzled at Taiwan's prosperity, since it contrasts all too sharply with the mainland's economic stagnation. The sure decline of capitalism and the superiority of the socialist economic system, it will be decades before China closes this gap.

So a Taiwan living in some form of political association with the mainland would have to be economically and socially guaranteed, somewhat as Hong Kong is now. This would place in doubt the whole purpose of reintegration.

In a report from Peking on May 28 the late Mrs Soong Ching-ling, widow of Sun Yat-sen, and her sister, Mrs Soong Mei-ling, widow of Chiang Kai-shek, were mentioned as sisters, not daughters, of the late T. V. Soong.



Abstract canvas: A visitor passing beside Kandinsky's 'Construction No 6' at the Pushkin Museum yesterday.

Moscow shows off secret pre-1930 art

From Michael Binyon, Moscow, June 3

One of the most important art exhibitions ever held in the Soviet Union opened here today, showing for the first time to most Russians the explosive post-revolutionary art that has been locked away for more than 50 years in the vaults of Soviet museums.

The long-awaited exhibition "Moscow-Paris 1900-1930" is the Soviet version of the immensely successful exhibition "Paris-Moscow" at the Pompidou Centre in Paris two years ago, which brought together the works of the world's two most important centres of avant garde art of the epoch.

Almost half the Russian works on display have never been on public view here before.

The comprehensive exhibition at Moscow's Pushkin Museum comprises more than 2,500 paintings, sketches, theatrical and costume designs, architectural models and plans, sculptures and posters of an era that was extraordinary in both Russia and France for its vitality and innovation.

But about 1930, as the grip of Stalinism began to strangle Soviet intellectual life, the exuberant flowering came to an end in Russia, many of the painters having left the country and others forced to conform to the new strictures of socialist realism.

In recent years, however, the Soviet authorities have begun cautiously to acknowledge and rediscover this great heritage, and there has been a quiet but steady rehabilitation of such artists as Chagall, Kandinsky, Malevich, Tatlin and Yvon.

Some of their paintings now hang in Soviet galleries in Moscow and Leningrad. A new section of Moscow's Tretyakov Gallery is to be built to house many of the others.

The exhibition, which will run until October, and is expected to have a profound influence on Soviet painting today, and to shock many Russians with the range of what had already been accomplished so long ago.

Nevertheless the organizers are aware of the sensitivity of the works, refused to say how many were on view for the first time, or guarantee that they will remain on public display after the exhibition.

The Soviet version of the exhibition differs from the one at the Pompidou Centre in several

ways. First, by Soviet request, there are more French works represented—Impressionist and avant garde painters such as Picasso, Braque, Matisse, Renoir, Cézanne, Marquet, Delaunay and Derain, architects such as Le Corbusier, Lurçat and Mallet-Stevens as well as designers, stage and ballet artists.

Second, the Moscow exhibition does not give the context of the works, their history or significance. Whereas in Paris the paintings were grouped according to the development of themes and ideas, in Moscow the order is more traditional, with little attempt to show the intellectual relationships between the epoch, its politics and the artists.

Only 27,000 catalogues have been printed, and none was available even six hours before the official opening.

Third, some of the more controversial Russian painters appear to have been deliberately hidden away in corners. Two arresting cubist-abstract works by an artist almost unknown in Russia, P. I. Filonov, are of political interest—one is entitled "The formula of the Petrograd proletariat"—but both are easily missed.

A number of the Soviet post-revolutionary posters, slogans, idealized designs for workers' dwellings, utilitarian palaces of labour and centres for workers' culture have a naive enthusiasm and political commitment that is ironic and disturbing in view of subsequent political developments.

Others, showing Lenin, Red Army soldiers, steelworkers, steam trains and street scenes have long been the only works representing the period in Soviet galleries.

The Soviet organizers declared that the aim of the collection was "to show as fully as possible a picture of the artistic culture of Russia and France in this difficult and critical period in the history of humanity and art, where the central event was the great October socialist revolution in Russia."

There are indeed vivid depictions of change and crisis: the familiar "Boy on a red horse" by Petrov-Vodkin as well as the futuristic designs for the young Soviet state, the "Suprematism" of Malevich's square canvas of black paint and the political optimism of Yvon's "New planes" showing a giant red ball in the sky rising above the toiling masses and putting the other suns to shame.

Defectors accuse CIA of breaking resettlement deal

Washington, June 3—Two Romanian diplomats who defected to the United States have accused the Central Intelligence Agency (CIA) of breaking promises to resettle them in return for giving secrets about Romania.

The two are: Mr Nicolae Horodnicea, aged 35, formerly third secretary at the Romanian Embassy in Washington; and Mr Nicola Traian, aged 32, who held the same rank at the mission in Islamabad.

The CIA has declined to comment on their allegations.

Mr Horodnicea, his wife and three-year-old son were given asylum in March, 1980, after he drove into nearby Fort Belvoir, Virginia. His wife and son have since returned to Romania.

Mr Traian defected in November, 1979, with his wife and two children. He said he had been the Romanian intelligence agency station chief in Islamabad.

The main complaint of both men was that after months of giving secrets, and while they were still learning new professions, CIA support was barely above subsistence level.

They said the agency cut off health and child education benefits despite their inability to make up the losses. Because nothing was ever put in writing, they felt at the mercy of their resettlement officer.

Mr Traian is now on a CIA retainer of \$20,000 (£10,000) a year. Mr Horodnicea, with a smaller family, receives \$16,000 annually.

In addition, each received \$50 for each day of debriefing and a lump sum of \$16,000 to cover furniture and belongings left in Romania.

City needs £6,600m

New York transport system a nightmare

From Michael Leapman, New York, June 3

Nowhere is so squalid and cluttered as the city of New York. In the middle of town, east of Fifth Avenue, sparkling new office and apartment towers spring constantly from the Manhattan bedrock, each more opulent than the last.

Yet the people who work and live in these glossy new buildings travel to and from them on the most nightmarish transport systems in the world. New York's subways and buses, the underground railway stations are an evil-smelling disgrace and it is a moot point whether the trains that travel in them break down more or less often than the crowded, crawling buses on the streets overhead.

Everyone in the city, state and even the federal Government agrees that New York cannot prosper without a functioning and reliable system of mass transport. Yet in the midst of lower taxes and reduced government spending, where is the money to be found to make the necessary improvements?

Nobody can remember when travelling on the subway here was anything but a trial, but conditions have grown demonstrably worse in the last two or three years for a precise reason. When the city was sliding towards bankruptcy in the mid-1970s one of the economies made was to defer maintenance on the already crumbling plant and equipment.

"They stopped doing certain kinds of preventive maintenance," says Mr David Flavin, executive director of the Metropolitan Transportation Authority (MTA), the joint state and city body that runs the subway and buses. "Out of 40,000 maintenance men they lost about 5,000. The frequency of inspections was reduced."

The result was that more trains and buses broke down. Non-essential equipment such as air conditioning was seldom repaired, so passengers sufficed in the summer. Tunnels were not cleared of rubbish, so workers caught fire as sparks ignited mounds of waste paper.

External factors conspired to make things worse. A new type of subway carriage was introduced, with clean plastic seats, windows, air-conditioners and doors that chimed melodically before closing. Sadly, they were soon found to have a structural defect in the undercarriage and they too started breaking down. They are still in service but have been withdrawn for inspection several times a week.

To replace them, worn-out carriages have been pulled in

Arrigo Levi: A Personal View

Nuclear credibility gap is widening

A dangerous gap has grown between the extreme pre-occupation of Western defence circles with the increasing military imbalance in the heart of Europe, and the spreading mood of indifference and even outright neutralism in some of the leading European nations.

Just as great is the contradiction between the efforts by the governments of these countries (especially West Germany) to convince their supporters of the need to resist the Soviet military threat by carrying out the "Euro-missile" decision, and the relative weakness of the actions taken or planned in the wider field of defence, for example by Britain, and others.

One leading NATO commander describes the present situation thus: "The imbalance has been increasing in the last 10 years. We have now been outdistanced by the Soviet Union in most fields. They still outnumber us two to one in the fundamental weapons while qualitatively they have become much stronger than they were."

As a result, "the Warsaw Pact has now surpassed NATO in all categories of weapons, and the Soviets, in spite of economic problems, are not decreasing the rate of growth of their military expenditure. Even the Afghanistan operation has had no visible effect upon forces facing us in Europe."

"We cannot gauge precisely how they might use such power but we know that they are capable and willing to use force, and we still believe that the single most important factor in determining their actions will be the degree of expected resistance by us."

Those who bear the responsibility for NATO do not hide their view that our claimed strategy of flexible response (which would demand that we be able to answer a Soviet attack at any level) is not very credible today, because of weaknesses in reserves, manpower, ammunition, and to the fading of our former qualitative superiority. What we really have today is "delayed tripwire strategy."

This means that a supposed conventional attack from the East could not be resisted for long (could we face the "second echelon"?) without NATO having to employ some nuclear weapons.

This is the present situation, in spite of the fact that the NATO powers have spent a great deal on modernization. Unfortunately, there have been many slippages, reductions, and cancellations of essential programmes; too many commitments have become overdue promises.

According to NATO commanders, the situation is not

manageable yet and we could re-establish the credibility of our deterrent capability just by maintaining the programmes for modernization which have already been agreed and for the new Theatre Nuclear Forces (the Euro-missiles).

These remain NATO's number one priority: By threatening Soviet territory from European bases. The danger of a Russian attack against Europe, including by nuclear weapons, is reduced.

The possibility of such a pre-emptive strike cannot be ignored: The Russians have spoken too often in the past of the fact that they might have to "deal imperialism a decisive blow". At present, they might hope to be able to destroy NATO power in Europe (with the help of their new SS20s) without fear of an American strategic reply, since this would expose American territory to a fatal Soviet second strike.

By recouping the European theatre with United States strategic forces, as the experts say, the new Euro-missiles will greatly reduce the danger of a Soviet nuclear first strike against allied forces in Europe. But this would still not be enough to re-establish our deterrent.

At present, NATO inferiority in the conventional field would only too soon force the Supreme Allied Commander in Europe to ask the political leaders for permission to use nuclear weapons against a conventional attack, instead of resisting it with conventional forces, thus shifting to the other side the impossible decision of a nuclear escalation.

So, we should now strengthen considerably our conventional forces as well, if we really want to give credibility to a strategy of flexible response. "We can do it if we make up our mind to do it," say the NATO commanders. They add: "We do not ask for more than we have been promised, but we do ask for what we have been promised." Will they get it?

Unfortunately, Western public opinion seems to be blind to these warnings, while governments are hindered by the difficult economic situation they all face. To justify higher expenses, an all-out effort ought to be undertaken by the leaders of the alliance to inform the public about the real dangers of the present military imbalance. Of course, making known the truth would make the Russians feel superior, but this would also be dangerous.

But is it not more dangerous to lull the public into a false sense of security, which will lead to a further worsening of the present imbalance?

© Times Newspapers Ltd 1981

New Jersey swings right

From Michael Leapman, New York, June 3

The overcrowded primary election for Governor of New Jersey resulted yesterday in a victory for candidates on the conservative wings of their parties.

Mr James Florio, a congressman, easily beat 12 rivals for the Democratic nomination, gaining 26 per cent of the vote.

His closest rival, Mr Robert Roe, another congressman, received only 15 per cent. Mr Kenneth Gibson, the black

Mayor of Newark, came third. Mr Florio was the only candidate supported by the National Rifle Association.

Mr Thomas Kean, former Speaker of the New Jersey Assembly, won an equally clear-cut victory as a Republican field of eight. He received 31 per cent, compared with 21 per cent for Mr Lawrence Kramer, the Mayor of Paterson, who was second.

COLLECTORS NUMBER

AROUND THE LONDON DEALERS

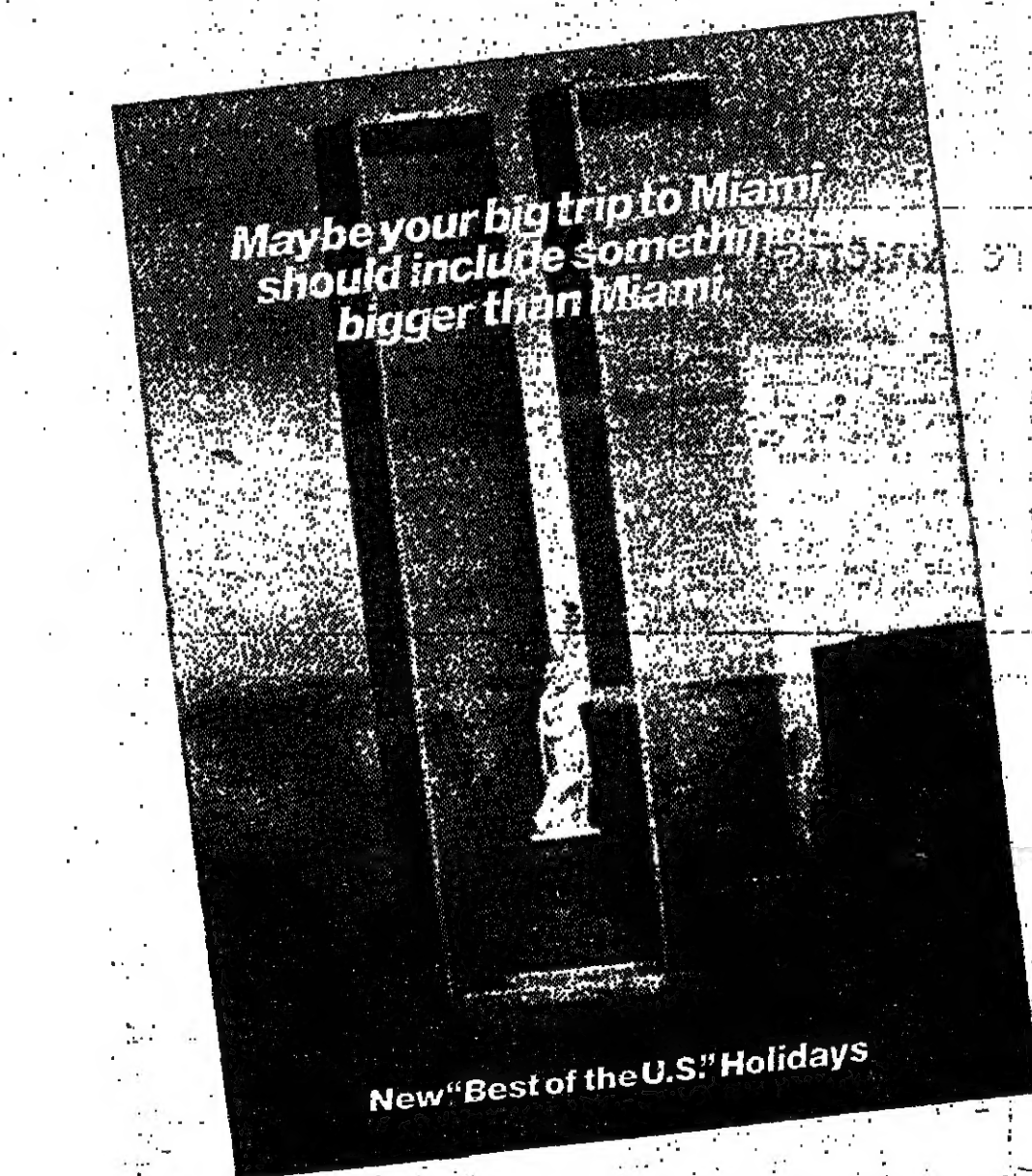
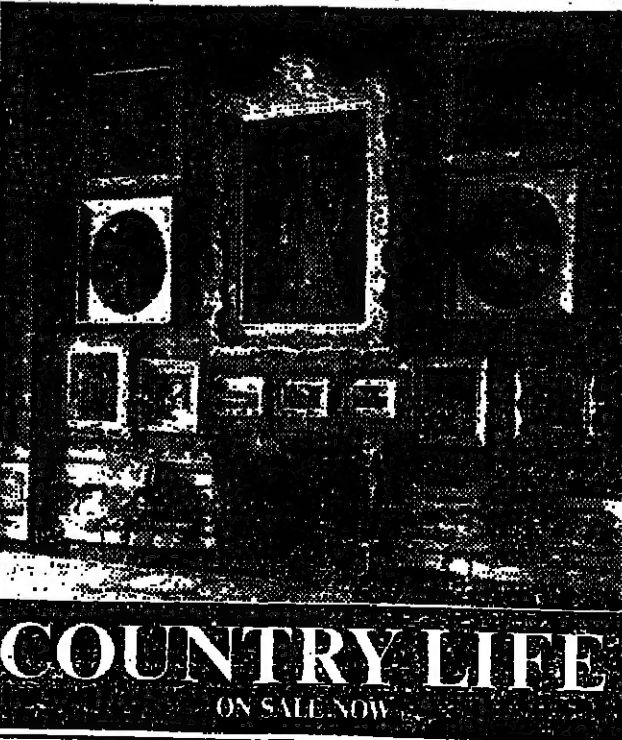
Helena Hayward visits some important London dealers and makes a personal choice of objects for sale, from paintings to ceramics and silver.

FROM PLYN TO FABERGE
Diana Scarisbrick examines jewellery made from moss agate—stones with distinctive patterns created by metallic oxide veins—and finds some fine examples in colour.

PATTERNS OF PICTURES
John Cornforth, in the first of two articles, traces the history of picture-hanging in Britain and looks at present policy in public galleries and historic houses.

"CLOTH OF GOLD AND SATINS RARE"
Barbara Scott describes with colour illustrations some of the silks, brocades and velvets commissioned by Napoleon I for his palaces and now on exhibition in Paris.

WHAT FUTURE FOR THE ROYAL ACADEMY?
Bishop Ford considers why it has become necessary for the Royal Academy to set up a Trust Fund to raise £6,500,000 over the next three years.



For only a little more than it costs to fly to America's famous places in the sun, you can also see the most exciting city under it, New York.

We have seven "Best of the U.S." holidays that include our biggest big city attraction. They also include places like Los Angeles, San Francisco, New Orleans, Fort Lauderdale, and Miami. In other words, just about every famous sun-spot in America. And they take advantage of terrific shopping, bargains and hotel rates.

What's more, metropolitan New York-New Jersey has three airports with more connections to more sunny places than any other city in the States.

To receive our "Best of the U.S." holidays brochure, send us the coupon today. New York, and the sun. The best way to see America.

Please send your "Best of the U.S." holidays brochure. Mail coupon to: Port Authority of NY/NJ, St. Olaf House, Tooley Street, London SE1.

Name

Address

The New York New Jersey AirCenter
JFK LGA EWR AND NEWARK
THE PORT AUTHORITY OF NY/NJ

World's military expenditure tops £250,000m

By Henry Stanhope, Defence Correspondent

World military spending rose to more than £250,000m last year. A disturbing trend was the rising share of the Third World which nearly doubled from 9 to 16 per cent during the 1970s.

The Stockholm International Peace Research Institute in its annual report for 1980, an unjustifiable and fragile waste of resources which could have had a considerable impact on the living standards of the average citizen if directed to civilian ends.

Military spending is rising at an annual rate of 2 per cent in real terms and threatens to outpace the world's sluggish economic output during the early 1980s. The institute singles out Britain as the only European Nato country which has recently had a military spending boom, but the superpowers remain well ahead of anyone else.

The conventional arms trade increased drastically during the past decade with the United States and the Soviet Union between them accounting for 70 per cent of the total exports. But France has taken a noticeably increased share and together with Britain, West Germany and Italy provided 22 per cent of the world's military exports during the 1970s, which was a substantial increase on previous decades, the survey says.

About 130 wars have been waged since the Second World War. 50 of them during the 1970s. These were fought almost exclusively in the Third World with weapons supplied by the industrialized countries. At present, the Third World itself accounts for only 2 or 3 per cent of the arms exported. This share, however, is rising, with Israel, Brazil, South Africa, India and Argentina as the principal new suppliers.

Nearly half of the Third World's total arms imports go to the Middle East. Six of the eight main Third World arms importers belong to this region, whose strategic position and oil

resources attract the interests of the big powers.

On the other hand, the Third World's share of the arms import market fell to about 70 per cent during the last three years of the decade while the proportion sold to other industrialized countries went up to 70 per cent. This trend is likely to continue during the 1980s together with the increasing sophistication of weapons.

The institute points out, however, that while nuclear weapons account for a smaller share of the world's arms trade, they pose the greater threat to mankind. Recent improvements in quality mean that the latest missiles look more suitable for fighting a nuclear war than older ones.

Reports of two new types of intercontinental ballistic missile being developed by the Soviet Union include one which would be able to deliver a nuclear warhead to targets in Europe and China.

The institute predicts that the most important development in space during the 1980s will involve anti-satellite weapons. Also significant, however, is the revival of interest by the superpowers in ballistic missile defences.

Since 1970 some 1,801 military satellites have been launched, which is 75 per cent of the total number. Last year 103 military satellites went into orbit, including 89 launched by the Soviet Union but only 14 by the United States.

The greatest disappointment last year, according to the institute, was the failure of the American Congress to ratify the second Strategic Arms Limitation Treaty (SALT 2). Without success in the SALT talks it is hard to expect real progress being made in other arms control negotiations, the survey says.

World Armaments and Disarmament, *Spire Year Book 1981* (Taylor and Francis, John Street, London, WC1N 2ET, £19.50).

Souvenirs of Tejero cult upset Spaniards

From Harry Debellus, Madrid, June 3

Madrid's city hall, controlled by a leftist coalition, is upset about the street sale of souvenirs and mementoes of the seizure of the Spanish Parliament on February 23 by Lieutenant Colonel Antonio Tejero of the Civil Guard. The National Police, however, do not appear to be concerned.

According to the monarchist daily ABC of Madrid, the municipal police took two street vendors into custody behind the headquarters of the National Police at Madrid's Puerta del Sol Square on Saturday after they saw them selling key chains, photographs, sticks and other items exalting Colonel Tejero.

Last Monday, the newspaper added, the municipal police picked up another man who was selling similar souvenirs. All three were freed within hours after appearing before a police magistrate, who preferred no charges against them.

The failure of the Government to prosecute the souvenir peddlars prompted Señor José Barriocano, a deputy mayor of Madrid, to make verbal protests to the Civil Governor of Madrid, the chief of the National Police and the Interior Minister.

A spokesman for the city hall said Señor Barriocano expressed "his puzzlement and concern over the less than energetic and excessively benevolent attitude of the state authorities towards what he considers 'activities representing an apology for criminal acts'."



Gorilla psychology: This baby gorilla born in a zoo at Stoneham, Massachusetts, was ignored by its mother at birth despite attempts by behavioural psychologists to teach the art of motherhood.

The 6lb 12oz male which will be raised by a human surrogate, is now doing fine and eating heartily. However, the mother is not regarded as a poor parent. Born at the Cincinnati Zoo, she was one of six babies rejected by her mother and had no one to emulate.

Bani-Sadr accuses investigators of bias

From Tony Allaway, Tehran, June 3

President Bani-Sadr of Iran has accused the three-man commission set up to resolve his feud with Muslim fundamentalists of taking part in a plot to remove him from office.

He also indicated today that if the present conditions prevailed he would himself step down once the Gulf war ended. The President is Iran's commander-in-chief.

"The commission has been turned into a means of censoring the President and fully participates in the plan to remove him," Mr Bani-Sadr said in a letter to Hojatoleslam Eshraqi, the son-in-law of Ayatollah Khomeini the national leader who serves as the President's representative on the commission.

The letter was written yesterday in response to the commission's decision to censure the President and report him for possible prosecution.

In a further letter to the hojatoleslam today, the President complained that some of the statements of the commission spokesman, Hojatoleslam Yazdi, were "so opposite to the truth they astounded me."

He alleged that other officials "not only disregard the law but violate it and nobody cares to do anything about it."

"As in the last regime every time some people are beaten up and attacked they are also found to be the guilty ones."

Sri Lanka overtures embarrass Asean

By David Watts, Bangkok, June 3

Sri Lanka's intention of joining the Association of South-East Asian nations (Asean) has presented the group with a ticklish diplomatic problem.

The association has said, since its inception 14 years ago, that it was open to applications from other interested countries. There are no strict rules about joining.

Brunei and Papua New Guinea are expected to attend as observers, the annual meeting of the Asean foreign ministers in Manila this month. It is likely that Brunei will be admitted as a member when it attains full independence from Britain in 1983.

There is a standing invitation to Burma to attend the annual meeting as an observer, but it has not been taken up. Brunei and Burma would make logical additions to Asean, but the case of Sri Lanka is different and its determination to join has come as something of a surprise.

The idea has been mooted by Colombo before, but has never been pursued to any great extent. This time the Sri Lankans are pressing ahead despite discouraging unofficial comments from Asean officials and statesmen. Diplomatically Asean is committed to study the situation seriously.

Sri Lanka has already said that it is confident that it will become a member of the group, despite statements from President Marcos of the Philippines and Tengku Ahmad Rithauden, the Malaysian Foreign Minister, who said Sri Lanka's geographical position alone made it ineligible.

leading Asean figures said he was not opposed to the expansion of the group in principle, but others thought it more urgent to strengthen Asean as it stood.

In over-playing his hand, Sri Lanka appears to be unaware of the complications that would be created if it joined Asean and of the diplomatic embarrassment it might cause.

Asean has attracted attention by its appearance of unity and its deft mobilization of support at the United Nations for the Government of Democratic Kampuchea. The appearance of unity, however, masks fundamental differences of approach by the member countries in private.

As a south Asian country with neither a direct interest in nor contribution to make to South-East Asian diplomacy, Sri Lanka would not only further complicate an already complicated international diplomatic dispute, but bring additional permutations of its own. Asean would most likely find itself becoming involved with the politics of the sub-continent when relations with India are already cool because of the Cambodian question.

So far the Sri Lankans have not explained why they are showing such interest when they themselves are promoting the idea of a similar grouping further west, which would involve India, Pakistan, Bangladesh, Bhutan, Nepal and the Maldives. Precisely how the Asean countries will manage to find a polite way of saying no is not yet clear.

Rita Hayworth's manager says she is senile

By Ivor Davis, Los Angeles, June 3

Rita Hayworth, one of Hollywood's most glamorous actresses of the forties and fifties, is suffering from a fast-developing case of senility and cannot take care of herself, her business manager and lawyer claims.

Mr Leonard Monroe filed a petition here asking a court to appoint him as conservator of the actress and her estate worth some \$250,000 (about £125,000).

The petition says that Miss Hayworth, one of the most popular pinups of the Second World War, and considered one of the

most beautiful actresses in the film world, is suffering from Alzheimer's Disease, which is described as a quickly deteriorating form of senility. A hearing has been set for July 17.

The petition adds that the actress does not want to appear in films, but does not oppose her solicitor's appointment.

Miss Hayworth has two daughters, Yasmine Aly Khan, the child of her marriage to the late Aly Khan, and Rebecca Weller, a child from her marriage to Orson Welles. She lives alone in Beverly Hills.

MPs call for inquiry into Zia murder

From Trevor Fishlock, Dacca, June 3

A demand was made in the Bangladesh Parliament today for a judicial and parliamentary inquiry into the murder of President Zia, to whom MPs paid tribute calling him the "architect of modern Bangladesh."

A military court of inquiry has already started an investigation but some people feel there should also be an independent one.

In Parliament today, Mr Mizener Chowdhury, the leader of one faction of the Awami League opposition party, said there should also be an inquiry into the death of General Abul Manzur who headed the rebellion at Chittagong.

General Manzur is reported to have been killed on Monday, when he had been arrested while fleeing into the Chittagong hills.

Oslo bans professional boxing

Oslo, June 3. — Professional boxing will be banned in Norway before the Storting (Parliament) starts its summer recess on June 15. The ban does not affect amateur boxing.

The Lower House voted 54-24 in favour of the reform last night. The next voting in the Upper House is considered a formality.

After the ban is formally imposed, those staging professional boxing matches, taking part in such matches or training or exhibition matches can be punished with up to three months' imprisonment.

The Nordic Council called for a ban of professional boxing in the Nordic countries in 1969. Norway was the first country to comply with the request.

"The absence of professional boxing in Norway will be no big loss for our sports environment," Mr Einar Forde, the Education Minister, said during the debate before the Lower House vote.—AP.

Nigerians demand war in retaliation for border clash

From Karen Thapar, Lagos, June 3

Nigerians are clamouring for a punitive military expedition against Cameroon in retaliation for last month's border clash in which five Nigerian soldiers were killed.

A presidential spokesman admitted in a statement issued yesterday that President Shagari was restraining calls for war made among others by the Speaker of the House of Representatives. The Tribune in a leading article called for retaliatory action "not tomorrow, not even later today, but now."

Professor Ishaya Audu, the External Affairs Minister, in an initial statement had said that if Nigeria was pushed to the wall it would fight back in a surprise statement to the press. Alhaji Alkanbi Oniyang, the Defence Minister, refused to rule out the possibility of war.

Last week, some 500 Lagos University students demonstrated outside the Cameroon Embassy chanting "War, war, we want war." One of their banners read: "To hell with African unity, kill Cameroon."

Several embassies' windows, cars and an outside compound wall were damaged.


Although according to diplomatic sources Nigeria was quick to apologise for the incident, Cameroon was said to be avenging the wives and children of its diplomats from Lagos.

In the meantime, allegations in the press have been fueling the fever of national belligerence. There have been claims that Cameroon forces have encroached on at least 10 Nigerian border villages, that they were massing forces for a military confrontation and that they are prospecting for oil in Nigerian waters.

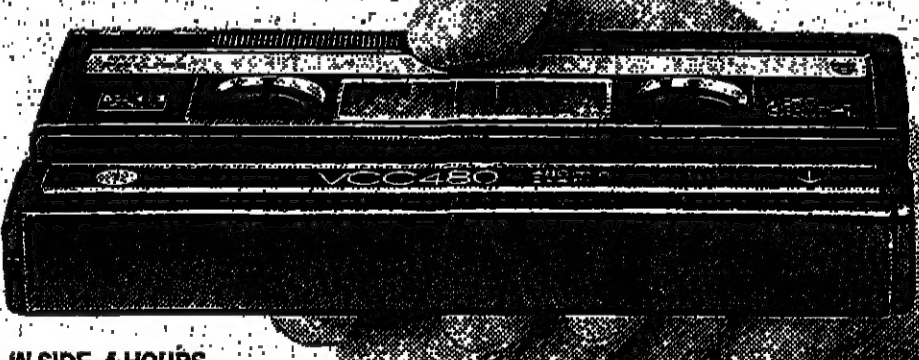
A recent press statement made by the chairman of the House of Representatives' defence committee has supported the claim that Cameroon is preparing for war.

The fact that in reply to a Nigerian note demanding an unqualified apology, full reparations and punishment of the guilty soldiers, the Cameroonians only expressed "regret" has added insult to injury.


Nigeria has rejected the Cameroon reply reiterating its earlier demands in a second protest note. Since then there has been no further response from Cameroon.



PHILIPS ANNOUNCE THE TURNING POINT IN VIDEO.



A SIDE. 4 HOURS.



B SIDE. ANOTHER 4 HOURS.

The result—a picture as true as the one you'd pick up on your TV. But what happens when you play a Video 2000 cassette recorded on another machine?

It makes no difference. Unlike ordinary video systems, Video 2000 needs no tracking control—the knob you have to twiddle when you play a tape recorded on another machine. The picture is perfect. Even when you're watching pre-recorded movies.

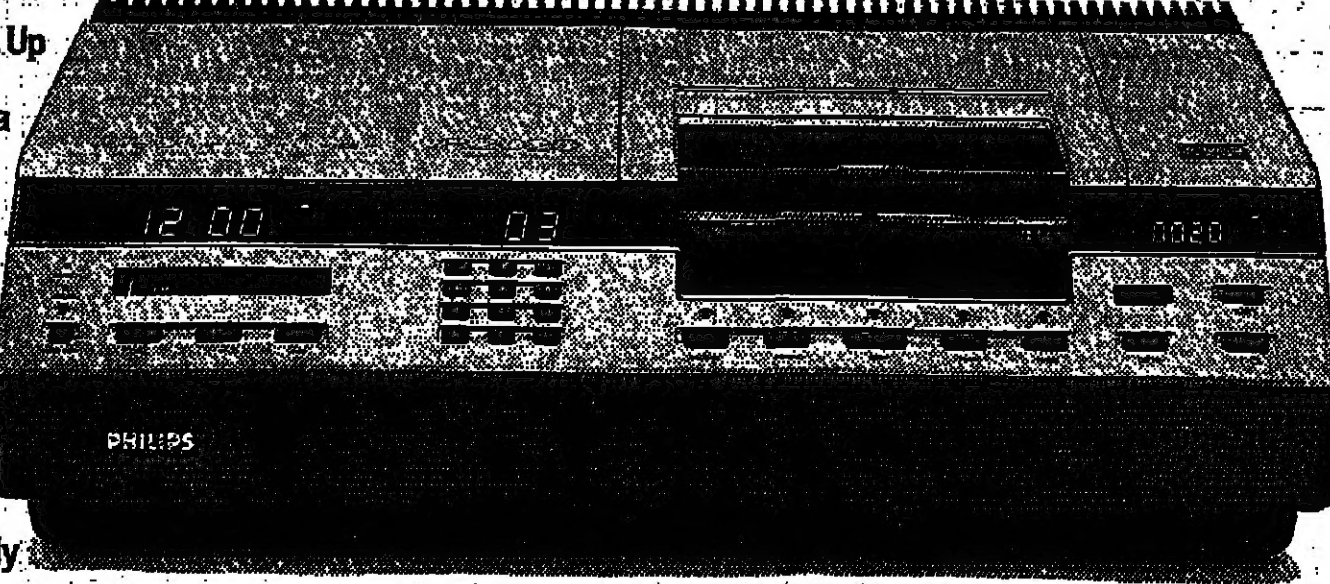
THE SYSTEM FOR THE FUTURE.

Video 2000 is here to stay. The cassette is capable of unlimited development. The system is ready for stereo sound and anything else that comes along.

Over 20 manufacturers have already adopted the Video 2000 system. The same names you'll find on about half of Europe's TV sets.

You were wise to wait for the right video. Now it's arrived—at your Philips Video dealer.

Why not see the difference for yourself?



Philips Video. Simply years ahead.

VIDEO 2000. If you've been waiting for Video, it's arrived.

Cricket

All the omens favour victory by England

Golden day for Essex and their captain

[illegible][illegible][illegible][illegible]

Fowler sets Lancashire on the correct path

MANCHESTER. Surrey, with all first innings wickets in hand, are 331 runs behind Lancashire.

Manchester made much of the fact that after nearly three weeks' absence with an ankle injury, Higgs approached to captaincy in Lancashire. The captaincy was, however, virtually unseen, but his declaration 30 minutes from the end yesterday afternoon was a surprise in the current trend. Few county captains have taken advantage of the chance to captain in the first innings.

Manchester's first innings was curtailed 42 overs, before 68 men were out. The pitch was very dry, and the ball did not spin.

Higgs, the first right hand batsman, was out for 10 runs. Lancashire have six left hand batsmen and Surrey five in this match. Higgs' batting was certainly not his best, but unusual for him to be in the middle order. More importantly, Higgs was out for 10 runs, a very dry spin, but he added 10 runs in 42 overs before tea, though after tea the new ball slowed the game.

Hughes had hit Pocock for straight str before he was caught by the wicket. Lloyd looked ominously at Knight as his strokes included a couple of "bumpers" and a "hook" against Knight over the slip screen before Knight had him out in three paces down wicket.

[illegible][illegible][illegible]

Expires 1-10-77 1-27 W 21 1-30
 Total (214.4 opps.) 254
 FALL OF WEEKENDS: 1-3, 2-27
 3-10, 3-17, 3-24, 3-31, 4-7
 4-14, 4-21, 4-28, 5-5, 5-12, 5-19
 5-26, 6-2, 6-9, 6-16, 6-23, 6-30
 7-7, 7-14, 7-21, 7-28, 8-4, 8-11
 8-18, 8-25, 9-1, 9-8, 9-15, 9-22
 9-29, 10-6, 10-13, 10-20, 10-27
 11-3, 11-10, 11-17, 11-24, 11-30
 12-7, 12-14, 12-21, 12-28
 1-4, 1-11, 1-18, 1-25, 2-1, 2-8
 2-15, 2-22, 2-29, 3-6, 3-13, 3-20
 3-27, 4-3, 4-10, 4-17, 4-24, 4-30
 5-7, 5-14, 5-21, 5-28, 6-4, 6-11
 6-18, 6-25, 7-2, 7-9, 7-16, 7-23
 7-30, 8-6, 8-13, 8-20, 8-27, 9-3
 9-10, 9-17, 9-24, 9-30, 10-7
 10-14, 10-21, 10-28, 11-4, 11-11
 11-18, 11-25, 12-2, 12-9, 12-16
 12-23, 12-30, 1-6, 1-13, 1-20
 1-27, 2-3, 2-10, 2-17, 2-24, 2-28
 3-6, 3-13, 3-20, 3-27, 4-3, 4-10
 4-17, 4-24, 4-30, 5-7, 5-14, 5-21
 5-28, 6-4, 6-11, 6-18, 6-25, 7-2
 7-9, 7-16, 7-23, 7-30, 8-6, 8-13
 8-20, 8-27, 9-3, 9-10, 9-17, 9-24
 9-30, 10-7, 10-14, 10-21, 10-28
 11-4, 11-11, 11-18, 11-25, 12-2
 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-18, 11-25
 12-2, 12-9, 12-16, 12-23, 12-30, 1-6
 1-13, 1-20, 1-27, 2-3, 2-10, 2-17
 2-24, 2-28, 3-6, 3-13, 3-20, 3-27
 4-3, 4-10, 4-17, 4-24, 4-30, 5-7
 5-14, 5-21, 5-28, 6-4, 6-11, 6-18
 6-25, 7-2, 7-9, 7-16, 7-23, 7-30
 8-6, 8-13, 8-20, 8-27, 9-3, 9-10
 9-17, 9-24, 9-30, 10-7, 10-14, 10-21
 10-28, 11-4, 11-11, 11-1

Mrs Robertson has every answer on a gusty day

Golf Correspondent:
Belle Robertson, of Scotland, was the only woman on the stage of the British women's amateur championship at the Caversham course, Coventry, which was won and so claimed top place in the British women's golf calendar. In a field of lesser quality, her position would be an important one. She had not been on the tour year from overseas was so strong that there will be few any takers.

Mrs. Robertson, already three times champion of Scotland, was Robertson, however, had even answered to testing conditions as she had half a century of experience of birdies, but her putts were only one from 10 ft or more the 12th.

There were a number of illustrious members of the British Ladies' Golf Club on the team of the British Ladies' Golf Club, which was defeated by the team of the United States and Canada, 18-17, in the final match of the championship. The team of the United States and Canada, which was defeated by the team of the British Ladies' Golf Club, 18-17, in the final match of the championship. The team of the United States and Canada, which was defeated by the team of the British Ladies' Golf Club, 18-17, in the final match of the championship.

[illegible]

Clearly her day, the diff
the day, the following
by a run of immaculate pair
by a three-word to the long plum
with a 226 punt; the eagle
narrowly escaped.
it was a brilliantly sunny day,
the birds were in beautiful
groundings were it not for a strong
wind that gusts from the south-
west had blown havoc with club
selection, to say nothing of close-

مكنا من الأرض

Should the terrorists be given air time?

Ronald Butt

Sir Ian Trethowan, BBC Director
General, replies to criticism
of Northern Ireland coverage

Cleopatra: Thou shalt be
whipped with wire, and strew'd
in brine, smarting in lingering
pickles.
Messenger: Gracious Madam,
I that do bring the news
made not the match.

British broadcasters sometimes
feel that Shakespeare could
have been foreshadowing their
own dialogue with some modern
rulers. The BBC's Northern
Ireland coverage is rarely made
welcome, and this at least partly
explains the public hostility towards
the reporting of Northern Ireland
by all the news media, but par-
ticularly by the broadcasters.

Many viewers and listeners in
Britain are outraged, and frus-
trated, by what is happening in
the province, and instinctively
they resent those who bombard
them in their own homes with
hideous pictures of violence,
and deeply depressing accounts
of bigotry.

But broadcasters have to re-
cognize that the tendency to
blame the messenger for the
message is only part of the
problem of reconciling the pub-
lic to their coverage of Northern
Ireland. At the heart of the
argument is a deceptively sim-
ple question—how much free-
dom of access to our open chan-
nels of communication should

be allowed to those who wish
to destroy freedom, not least
of communication. It is a ques-
tion which has to be asked in
relation to any group pledged
to the overthrow of our democ-
racy, particularly those who re-
sort to violence.

No organization basing itself
on free speech, least of all the
BBC, can be neutral towards
threats to freedom. The BBC,
like ITV and the press, is part
of a society based on representa-
tive government and the rule
of law, and it recognizes very

clearly that you cannot have a
free press and broadcasting in a
slave state.

But here is the first
dilemma: the denial of access
to the air for IRA spokesmen
is easy to justify, just as many
would justify denying it to
communists and fascists, but
each time, however impercep-
tibly, we slide towards the
extremists' own goal of sup-
pressing freedom.

In the case of the IRA,
there is, of course, a further
dimension. Not only are they
seeking to undermine our
society, but they are pursuing
their ends by violence. They
are seeking, either to frighten,
or to exasperate, the British
people into pulling out of
Northern Ireland. To achieve
that end, they need their
frightfulness to be widely pub-
licized, above all on the medium
where it can have the biggest
impact, namely television.

So here is the second
dilemma: journalists rightly
argue that they have a duty
to report what is happening in
Northern Ireland, however un-
pleasant, but in so doing they
are in fact giving the men of
violence the very exposure
they seek.

This has led to suggestions
that the cameras should be
"pulled out" of Northern
Ireland. But there was no tele-
vision at Easter, 1916, nor in
the years of the "Troubles"
which followed, let alone in all

the earlier periods of violence
in Irish history.

If today there were no tele-
vision cameras present, would
the men of violence really put
away their guns and petrol
bombs? And what of the
press? There was no television
in the years when Carson was
in full spate, but the news-
papers very effectively dis-
seminated his message.

To introduce artificial legal
curbs on the free reporting of
Northern Ireland (or any other
issue) would be to push our
society down an immensely
dangerous slope. The question
is not whether Northern Ire-
land should be reported—it
must be—but how, and how
much. Broadcasters and the
press would cease to be cred-
ible if they began to suppress
facts, however unpleasant they
may be.

The Prime Minister recently
spelled out the two halves of
the problem. She reiterated her
own concern that terrorism
needs publicity: "Newspaper
and television coverage can pro-
vide the very reaction the
terrorists seek. It can give the
convicted criminals on hunger
strike the myth of martyrdom
they crave." But she prefaced
her warning on television and
press with this important reser-
vation: "They must of course
report the facts. Nothing would
be more damaging than mis-
information and lack of
balance."

There is no easy, slide rule



The unpleasant face of
violence: should the public
see it?

answer to the question, how
much do you show on television
of a given event in Northern
Ireland? It lies somewhere
between two extreme propo-
sitions.

One argument goes: we are
at war with the IRA, they need
the publicity of television,
therefore it is television's duty
to deny it to them. The counter
argument runs: we are a
parliamentary democracy, the
public needs to be fully informed
on anything so crucial as
Northern Ireland, and jour-
nalists must convey that
information by all available
means, including television
pictures, however distasteful
they may be.

All these factors are in the
minds of the reporters, camera-
men and editors who each day,
several times a day, have to
make the decisions about
coverage, often at short notice.
It would be absurd to claim we
are infallible. We occasionally
make mistakes. More often, we
make a decision which we
believe is on balance right, but
which others might feel the
balance should have been tilted
the other way.

There is no dishonour in
either position, nor in truth is
the distinction as wide as some
of the more vociferous voices
on either side would argue.
Most politicians recognize that
a reasonable amount of report-
ing of events in Northern
Ireland is necessary, and
desirable: most journalists
recognize that they are not in-
fallible, "publish and be
damned" territory.

Most journalists recognize
that they are often operating
under great personal strain, and
in circumstances of physical
danger. If we have a grievance,
it is perhaps to wonder whether
viewers and listeners suffi-
ciently appreciate that jour-
nalists, too, can be in dan-
ger, and that broadcasters, in
particular, are acutely sensitive
to the fearful responsibility
which Northern Ireland lays on
them. So far as the BBC is con-
cerned, many of the reporters,
camera men and editorial staff
not only work but live in the
province.

Criticism of the media has
been particularly sharp over
the coverage of the hunger
strikes, above all Bobby Sands.
One crucial point which many
of the critics missed was the
significance of the Fermanagh
and South Tyrone by-election.
Whatever the reasons for Sands
being the only Catholic and

Republican candidate, elections
were free to abstain, or spoil
their papers, if they did not
wish to support him. Instead,
over 30,000 voters voted him
into Westminster, and so trans-
formed the situation. When last
did an elected MP starve him-
self to death? When last did
someone starving himself to
death receive a procession of
eminent international emis-
saries? The irritation of many
viewers at being shown so much
about Sands was entirely under-
standable, but however much
they disliked it, the Sands
affair became a major inter-
national credit which had to be
reported to the British public.

There is no simple solution
to the problem of television's
role in Northern Ireland, or in
reporting terrorism generally.
Each day, the decisions are
being taken by a number of
journalists, each conscious of
all the relevant factors. They
know that they owe no duty to
the terrorists, but they know
also that they have a duty to
inform the public fairly and
truthfully. They know, too, that
they have a duty to report the
totality of Northern Ireland,
the news of peace as well as
the news of violence. People in
Northern Ireland have argued
not unfairly, that broadcasters
could have reported, amid the
violence, such events as the
peaceful passage of Belfast's
Lord Mayor's Show.

Perhaps the best thing would
be for the argument to con-
tinue, and that the dilemmas
recognized by the Prime
Minister herself should be
faced carefully and thought-
fully both by those who have
to deal with the situation in
Northern Ireland, and those
who have to report it. Neither
can escape their respective
responsibilities.

A power of good for the ratepayer

Is local government still pos-
sible—and on what terms? No
less a question than this is
raised by Mr. Michael Heseltine's
decision to cut the central
block grant to local authorities,
which still refuse to heed the
Government's cash limits, and
by his hint of a ceiling on rate
increases if obdurate authori-
ties try to escape from this
restraint by still higher rates.

It is a warning not only that
the Government will refuse to
sanction local spending that
conflicts with its economic
policy, but that it is even pre-
pared to restrict the traditional
right of local councils to raise
their own revenue. But can
local authorities be genuinely
responsible and representative
if they do not have effective
taxing powers in some form?

In fact, we already have a
system of local government
authorities, practical year-
posers, flouting the traditional
connection between the right of
representative spending authori-
ties to raise rates and the
right of their constituents to
call them to account for the
amount they raise and how
they spend it.

For something like 60 per
cent of their spending, local
authorities rely on the grant of
money from the Exchequer—
and in this respect they are
free in a manner that the cen-
tral government never is to
spend as they choose money for
which they are not accountable
to anyone.

The essential case for provid-
ing Exchequer money for local
spending is, of course, as an
equalizer between poorer and
richer localities, and to support
essential services which should
not be dependent wholly on the
local community's ability to pay.
On the other hand, this in itself
represents a clear breach of the
principle that spending, tax-
payers' money ought to be in
the hands of those who raise it,
and who are directly responsible
to the taxed electorate.

For the other 40 per cent of
revenue, local authorities rely
on rates. This is a highly unfair
form of taxation which falls on
some private citizens (house
owners) who may not be
earners, and not on other citi-
zens who, as earners, are in a
better position to pay. More
than this, rates fall particularly
heavily on industry and com-
merce which have no votes,
and at present, some local
authorities who have a political
quarrel with Mrs. Thatcher are
deliberately keeping their
spending up and creating a rate
burden on industry and com-
merce which is driving much
needed work from their areas.

This system already makes a
mockery of the old maxim: no
taxation without representation.
With 60 per cent of local
spending paid for by the Ex-
chequer block grants, only
about 15 per cent on average
is provided by domestic rate-
payers, with the average
balance of 24 per cent being
paid for by commercial and
industrial ratepayers.

In fact, in some places of
concentrated industry, domestic
ratepayers provide no more
than 10 per cent, while industry
furnishes 40 per cent. A situa-
tion in which about 18 million
ratepayers out of about 32
million voters pay between 10
and 20 per cent of local spend-
ing is hardly one which suggests
that the survival of local
government hinges on its
ability to raise its own money.

It is clear that what
voters take part in local
elections, they do so primarily
as a passing comment on the
way in which the central
government is performing at
the time, and not primarily as
a verdict on their local repre-
sentatives' way of raising rates
which they do not even know.

Labour as well as Conserva-
tive governments have quite
properly insisted on their right
not to have their policies
thwarted in this way. At present
the Conservative Government
and some Labour have respon-
ded to the Government's
financial requirements, but

many Labour councils are
frustrating them on blatantly
ideological grounds.

Some are deliberately pre-
ferring to cut essential services
(books for schools and social
services) for instance which will
add to the Thatcher government
unpopularity, rather than econo-
mize in inessential services and
bureaucracy. They prefer to
keep their highly paid directors
and controllers of recreation
and continue to put on their
shows and pantomimes, rather
than cut a few more books.

It is therefore a serious ques-
tion whether there is any point
in continuing with the pretence
that local authorities and local
revenue raising must go
together. There is, of course, a
long tradition that they do, and
it particularly appeals to Tory
instincts. Conservatives natu-
rally fear that once the local
authorities had lost all option
for local revenue-raising, and
once the central government
was responsible for it all, the
political power of local authori-
ties would be surely if slowly
eroded.

This could play into the
hands of a centralizing Labour
government. There already
exists much erosion of local
authority discretion, not only
because the central authority
lays prescriptions on them
which they must observe and
pay for, but also by means of
central government circulars
which are too often interpreted
by local officials as having the
force of something like law,
when they are really no more
than exhortation.

With a fully centralized finan-
cial system, Conservatives
naturally fear that central gov-
ernment would be even more
suspiciously dependent on the
ability to raise local money.
And even if the system of local
revenue raising was changed
from rates to, say, a local in-
come tax, it would still leave an
area of potential conflict be-
tween central and local govern-
ments. In present circumstances,
Mr. Heseltine might still have to
impose a ceiling if central
economic management was
being deliberately flouted.

For the Tory Party, which be-
lieves more than Labour in
local responsibility, the ques-
tion is a dilemma. The answer
could lie in removing certain
large money-consuming (educa-
tion, for instance) from local
financing, and perhaps from the
local authority's control, alto-
gether, leaving the local authori-
ties responsible for some other
local services which they could
finance totally and for which
they would be accountable.

Yet we should also take seri-
ously the possibility of a com-
plete divorce between local
authorities and local revenue-
raising. A number of European
countries have already done so,
their governments allocating
slices of tax for local purposes.
The importance of local
government needs no assertion.
The more responsibility is
spread the better. Yet a
system of local government
elected in the same spirit as
that in which a central opinion
is given to a pollster, and which
is based on a bogus concept of
local financial responsibility,
hardly inspires confidence.

If we cannot have local authori-
ties able to raise from every
citizen taxes which are clearly
related to particular services,
and which pay for these ser-
vices in their entirety, it might
be better to do away with the
pretence that local authorities
have effective taxation powers.
We shall then be free to judge
them not on what they raise,
but how effectively they spend
what they are allocated.



Paul Vathis saw President Kennedy and former President Harold Whittles, a deaf boy, hears his voice for the first time
Eisenhower at Camp David after the Bay of Pigs fiasco in 1961.



Joe Rosenthal's picture of the marines raising the flag at Iwo
Jima, an image that became a national monument.



Joe Rosenthal's picture of the marines raising the flag at Iwo
Jima, an image that became a national monument.

Dispatches from hell before breakfast

The Associated Press Ltd
was founded as the Associated
Press of Great Britain,
and its Golden Jubilee
is a landmark in the history
of journalism. With Reuters,
the AP helped to establish stan-
dards of objective reporting
which are recognized, if not
always observed, throughout
the free world.

The American parent com-
pany (owned cooperatively by
its many member papers in
the US) was formed in 1848 and
eight years later its Wash-
ington correspondent, Lawrence
Gobright, defined objectivity
for all good news agency men:
"My business is to communi-
cate facts. My instructions do
not allow me to make any com-
ment upon facts. My dis-
patches are sent to papers of
all manner of politics. I there-
fore confine myself to what I
consider legitimate news and
try to be truthful and impar-
tial."

His definition was no doubt
simplistic. What are facts?
What is truth? Heavily as Keats
had it or a straight report of
the words of a dissembling
politician? Unesco appears to
think that Tass and other gov-
ernment-controlled news ser-
vices know best, but those
people in Westminster and
Washington who secretly agree
should read Pravda, Neues
Deutschland and the People's
Daily for a few weeks.

Gobright's approach won the
confidence of President Lin-
coln, whose immortal Gettys-
burg Address might not have
survived but for the AP report.
Edward Everett was the main
speaker at the consecration of
the war cemetery, but the local
AP man thoughtfully asked
Lincoln for the notes of what
were intended to be conclud-
ing remarks, and the rest was
truth history.

The extraordinary Gobright
also established a record for

Today is the 50th anniversary of the Associated
Press Ltd, the British branch of one of the
great news agencies whose wide coverage
in words and pictures helps many major
newspaper and broadcasting organizations
provide a comprehensive picture of the world.

briefly and caution which
were adopted by all Western
news agencies. On April 14,
1865, he wired: "The Presi-
dent was shot in a theatre
tonight and perhaps mortally
wounded."

The AP was the first to
apply modern news-gathering
techniques to history's first
modern war, the American
Civil War, but was not always
commended for objective
reporting. When General Sher-

covered the Russo-Japanese
war when Paul Cowles estab-
lished a record not appreciated
by news agencies or newspaper
proprietors.

Expense accounts are quite
unfairly of course, part of the
mythology of journalism, but
after all these years Cowles
has never been beaten. He
charged \$80,000 for the pur-
chase of a yacht to cover naval
engagements.

By 1928 the cooperative had
grown to 1,228 member news-
papers, and its leased wires
spanned 160,000 miles. It had
become the largest news-gath-
ering organization in the
world, and the then general
manager, Mr. Kent Cooper,
resembled what was seen to be a
European carrier preventing the
distribution of the AP service
overseas. His answer was the
Associated Press of Great
Britain.

Today Associated Press Ltd
serves all the British national

newspapers, and in cooperation
with the Press Association
more than 120 provincial. It is
also an international commu-
nications centre. News and pic-
tures from Europe, the Middle
East, Africa, the Indian sub-
continent and Australasia are
distributed through its British-
built computers to all sub-
scribers. The AP is mainly staffed
by British journalists and photo-
graphers, but its American
parenthood explains its tech-
nical leadership. For instance,
the transmission of pictures by
wire was first achieved in 1935
and now pictures as well as
news are transmitted by satel-
lite. As a consequence, the
first picture of the attempted
assassination of President Rea-
gan, was received at The Times
offices 25 minutes after the
first shot was fired.

Louis Heren

Ripperback ban —well, that's what they say

W. H. Smith, Britain's biggest
newsagents, are refusing to stock the three
instant paperbacks about the Yorkshire
Ripper. The chairman, Peter Bennett,
says there is nothing hasty about the
decision which has been in effect for a
week but only just came to light. He
says several of his staff wrote to him
during Peter Sutcliffe's trial, alerting
him to the possibility of a post-trial
"quickie".

Bennett argues: "At this stage of the
game, anything that comes out of the
Ripper case is not necessarily a
considered document. There has already
been a fair amount of exploitation. It is
a matter of us not exploiting a ghastly
situation further, not causing further
emotional upset to the victims."

Bennett also claims there are good
commercial reasons for the decision.
"Ripperbacks", as they are known in
the trade, could drive away valuable
high street custom. "Past practice has
shown that these things which come out
after a big case are unsaleable unless
they are pretty salacious, and that is not
in line with our trading."

Smith's decision has upset the pub-
lishers involved. Futura, who printed a
quarter of a million copies of David
Yallop's *Deliver Us From Evil* within 24
hours of the end of the trial, said: "Our
book is not a piece of sensationalism;
it has been two years in researching and
writing." At Grande, which has pub-
lished 70,000 volumes of Roger Cross's
The Yorkshire Ripper, a spokesman
said: "We are shocked. Our book only
documents what actually happened."

THE TIMES DIARY



I rather missed Victor
Lounes in the
Playboy enclosure at
Epsom yesterday. (I
also missed the win-
ner: I had £10 on
Gilt of Gold, hav-
ing also been in-
vited to the Gold from Peru exhibition
at Olympia. It was not the first time
this method of choosing a winner had
let me down. One notable occasion
in 1968, with a nag at Cheltenham called
Stratford Dragon. She was made for me
Shakespeare and I share a birthday,
April 23, which also happens to be St
George's day. I was ready for a stinging
one but £25 a pony then as now but
small fortune at the time. Unfortunately,
although she snorted her way down to
the start, she ran like Falstaff.)

Two curious points remain. First,
apparently, Smith will continue to sell
these books to the trade through its
huge, wholesale business. And, second, at
the Smiths branch nearest this office
yesterday, in Holborn, the three
Ripperbacks were all on sale. Indeed,
there were 200 copies of David Yallop's
book in the shop.

Amnesty's new man

Amnesty (UK) has offered the post of
director to John Torode, the journalist
and broadcaster. Torode, 42, will meet
the organization's steering committee
this weekend to iron out the details of
the job, and to clarify exactly where his
lines of responsibility lie.

Lounes's replacement as chairman,
Marvin Huston, was not there yesterday,
but the new managing director, the
austere Frank di Prima, was. He seemed
the only man unmoved by the presence
of Mynah Bird but even he studied
when Alan Mullery, the football man-
ager, walked in wearing a polka dot suit.
Mullery apart, the Playboy enclosure
is scarcely less exclusive than the royal
box these days: dozens of emulous pun-
ters without passes were turned away.
One man who didn't appear to have
a pass but should have been allowed in
was William Whitelaw, the Home
Secretary. I caught him looking long-
ingly at our tent which, no doubt, the
great man felt was an appropriate hang-
out for a "wet".

He is taking his time before accepting
because the previous director, Cosmas
Desmond, was forced to leave after a
staff revolt. Desmond, a former prison-
er and prisoner of conscience, left the
Covent Garden offices (just below those
of strife-torn Time Out) about six weeks
ago, with a year's pay in his pocket in
lieu of notice.

Amnesty are believed to want some-
one who can give them, in the American
phrase, "a higher profile". It is a large
organization and has a long history, yet
many members appear to resent the fact
that much smaller bodies, such as the
National Council for Civil Liberties and
Shelter, are the ones who are asked on
television to show and Question
Time. Torode has plenty of experience

By appointment

The Queen Mother would like a souvenir
portrait of Lady Diana Spencer for
Clarence House, and it looks as though
artist Lawrence Mynott will get the job.
Apparently, an aide from Clarence
House recently saw the exhibition of
Mynott's work at Cafe Art, a gallery in
Chelsea, and was impressed. The com-
mission has not yet come through but
Mynott has been asked to give up his
work for *Tatler* magazine, where he was
to have replaced Mark Borer drawing
portraits. This was felt to be not
entirely appropriate for a painter of
royal portraits.

Mynott's drawings and paintings are
marvellous (and I hope that by writing
this I am not spoiling his chances). He
draws on celluloid, giving his surfaces
a shimmering quality. Many now on show
are of famous people: Robert W. Sir,
Sir John Gielgud, Dr. Roy Strong, Sir
Hugh Casson, Samuel Beckett. Best of
all is his picture of dress designer
Zandra Rhodes—wisps of vermilion
hair, backed with gold leaf. The paint-

ings fetch anything from £300 to £550.
Mynott (the name is one of the 11
oldest in England, dating from 1063),
comes from a family of painters. His
father is a landscape artist, his mother
—just back from Malta—is a botanical
water colourist, his brother paints and
his sister has just started at St Martin's
School of Art.

Not all his work now on exhibition
have been sold. But it can't be long now.

Ugly duckling

While she was beautiful, Valeria d'Obici
was just another, little known, in-
dustrial designer. But then she attended an au-
dience for the film *Passion of Love*, a
nineteenth century melodrama about an
"apparently ugly, wilful and chroni-
cally ill" woman who steals a handsome
young cavalry officer from his beautiful
mistress. Mlle. d'Obici arrived for the
interview, pale and drawn from two
nights without sleep, gaunt from two
days without food, and with unwashed,
matted hair. She wobbled on her feet,
she scratched herself, she stunk; but she
got the job and now she is a star.

For the film, the director, Storre
Scola, was merciless with Valeria. The
makeup men scraped back her hair, put
in false teeth and a beaky nose. Then
they strapped her into a special corset
to make her look completely chestless
with protruding bones. "When my
mother saw the film, she just burst into
tears," the new star admits.

How, you may wonder, does such an
unattractive creature win the day? Pity.
She persuades the officer to pity her,
then turns that to love. Not a technique
that is always assured of success. I
would have thought. Certainly it never
works for me.

Peter Watson

Members of the Wedding (4)

And Dr Ounup sat with Shirley Whitley.
Roy Junket was there too, but looking surly.
His Centre Party so slow to get going.
It stumped him which direction it was growing.

Not all his work now on exhibition
have been sold. But it can't be long now.

Ugly duckling

While she was beautiful, Valeria d'Obici
was just another, little known, in-
dustrial designer. But then she attended an au-
dience for the film *Passion of Love*, a
nineteenth century melodrama about an
"apparently ugly, wilful and chroni-
cally ill" woman who steals a handsome
young cavalry officer from his beautiful
mistress. Mlle. d'Obici arrived for the
interview, pale and drawn from two
nights without sleep, gaunt from two
days without food, and with unwashed,
matted hair. She wobbled on her feet,
she scratched herself, she stunk; but she
got the job and now she is a star.

For the film, the director, Storre
Scola, was merciless with Valeria. The
makeup men scraped back her hair, put
in false teeth and a beaky nose. Then
they strapped her into a special corset
to make her look completely chestless
with protruding bones. "When my
mother saw the film, she just burst into
tears," the new star admits.

How, you may wonder, does such an
unattractive creature win the day? Pity.
She persuades the officer to pity her,
then turns that to love. Not a technique
that is always assured of success. I
would have thought. Certainly it never
works for me.

Peter Watson

سكوت لافيل



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

THE CHALLENGE TO MR BENN

For the first time since he became leader of the Labour Party Mr Foot has responded to a challenge with unequivocal firmness and authority. He has appreciated that while Mr Benn is contesting the deputy leadership of the party, he is at the same time threatening Mr Foot's own power if not his actual position. He is striking at Mr Foot, but he is successful. He will mortally wound Mr Foot. So in the statement which he issued after the meeting of the Shadow Cabinet yesterday evening Mr Foot has wisely thrown the challenge back to Mr Benn; if he is challenging the authority of the leader let him contest the office of leader as well.

In taking this line Mr Foot is being astute as well as firm. He is not making a martyr out of Mr Benn. He is not denying his right to stand for office, but he is saying that if he is challenging the leadership then it is the leader he must fight. This is an invitation to Mr Benn to contest a more difficult battle next October than the one in which he is now engaged. He would find it considerably harder to unseat Mr Foot than Mr Healey. Mr Foot may have been up to now the weakest leader the Labour Party has had for very many years — probably since George Lansbury — but as leader he still has a distinctive

standing and command upon the loyalties of the party. For Mr Benn to fight for the leadership this year would be a hazardous exercise, but for him to decline the challenge also puts him in a difficult position.

Mr Foot's statement is a devastating criticism of Mr Benn's conduct. It goes much further than the expression of a difference of opinion over policy or tactics. He makes it clear that in his view Mr Benn's method of proceeding "would utterly disrupt any chance that the Shadow Cabinet or the Parliamentary Party could properly conduct its fight against the Tories in the House of Commons". In saying that Mr Foot is serving notice that it would be impossible for them to serve together as leader and deputy leader. He is, in other words, throwing his full personal authority as leader into the contest for the deputy leadership, if Mr Benn persists in seeking that office.

That it seems to be what Mr Benn intends to do, it is easy to see why. If he were to accept Mr Foot's challenge, he would be making a premature bid for the leadership in unfavourable circumstances. His chances of success this year would be remote. But he has been put in the position of asking the party to elect him as deputy to a man with whom it is now abundantly

plain that he could not work. This is to invite the party to vote for an impossible partnership. In forcing this choice upon Mr Benn, Mr Foot must at least have weakened his prospects of defeating Mr Healey.

He has also reasserted the principle of collective responsibility for the Shadow Cabinet and the rights of the Parliamentary Party. His statement contains the delphic pronouncement that there is a difference between himself and Mr Benn on the rights and duties of the Shadow Cabinet, and that he proposes at a suitable time to take that issue to the Parliamentary Party. The wisest course for him to take would be to ask the Parliamentary Party to endorse the principle of collective responsibility, and then to invite Mr Benn to accept the judgment of the majority or to withdraw. This would be different from trying to drum Mr Benn out of the Shadow Cabinet. It would not be making a martyr of him. It would also be making collective responsibility the wish of the majority rather than simply an exercise of personal discipline by the leader which, in the Labour Party, is put in on a much surer foundation. Mr Foot has taken a strong and sensible stand. It now remains for him to follow this up with consistency of purpose.

INVESTMENT TOP PRIORITY

Yesterday's meeting of the National Economic Development Council was yet another depressing episode in the long-running series of Government consultations about public investment. Many months after the Government and all sides of industry first recognized a problem of excessive cuts in public investment, the NEDC yesterday had a chance to pronounce on what should be done. Result: another working party to study the question.

The Chancellor's dismissive comments about public investment do not encourage the hope that when the working party finally reports later this year the Government will accept any positive conclusions it reaches. Meanwhile, jobs are lost and vital parts of Britain's industrial future are being undermined by lack of investment.

The case for the Government to ease its policy towards investment by public corporations is now overwhelming. It ought to be a matter of highest priority as part of a package of measures to get investment of all kinds moving. Measures are also needed to convert the promises of help for small businesses into something worth more than the shadowy and expensive loan guarantee scheme which has emerged from Whitehall. There ought also to be measures to encourage other firms to invest now rather than waiting for recovery to come.

The overall investment picture in the United Kingdom is now deeply depressing. At the end of last year industrial investment was down about 16 per cent from its level in late 1979. It is likely that it will be another 16 per cent below late 1980's level when this year ends.

The recession in the economy has played a crucial part in this, but other special factors have worsened the problem. Yesterday's NEDC meeting concentrated on the one for which the Government has the most direct responsibility. Its use of external financing limits for nationalized industries has forced them to cut back on their investment programmes. Tuesday's increase of £200m in British Telecom's borrowing limits will not go anywhere near meeting its needs.

The Government's policy towards the nationalized industries is wholly wrong. Britain, unlike most other major industrial countries, treats borrowing by state industries for investment as part of the total public borrowing requirement. It is, in effect, treated no differently from Government borrowing to meet its wage costs. This is dubious public accountancy and very bad economics.

One way for the authorities to deal with the problem would be simply to exclude nationalized industry borrowing for investment from what it counts as the Public Sector Borrowing Requirement. This would be preferable to raising borrowing limits all round. It would make it clear that the Government was prepared to see borrowing by the railways for the electrification which they badly need but was not prepared to allow ever-rising deficits to subsidize inefficiency and over-manning.

At the same time the aid measures which have finally emerged to encourage small businesses to expand income tax need to be a great disappointment. The loan guarantee scheme says that small companies can borrow to help themselves grow but imposes what are effectively punitive interest

rates on them. The Government's insistence that the scheme should be self-financing has led the authorities to impose what is effectively an insurance premium on top of normal interest rates. This is designed to cover Whitehall against the cost of schemes which fail. It is unfair to the companies which have perfectly viable projects. The self-financing requirement for the scheme should be scrapped.

There ought also to be a more generous attitude towards the scheme the Government has introduced to allow those starting their own business to offset early losses against income tax. The Inland Revenue have been determined to make the scheme abuse-proof. They have done so, but at the cost of making it virtually useless. The conditions which have been imposed are restrictive enough to deter even the most dedicated entrepreneur. They ought to be eased.

Another area to which the Chancellor should be turning his mind is of the many companies which cannot use investment costs as an offset against profits because they are making no profits. The Confederation of British Industry has come forward with a workable proposal which would allow companies to receive loans at preferential interest rates from the banks, who would then be reimbursed by the Government. It is the industrial equivalent of the option mortgage scheme, which allows low income house buyers to receive help to buy their homes even if they pay no income tax and thus do not benefit from tax relief. At a time when industry is still showing little sign of recovery, such a scheme would help give a needed boost to investment and to the economy as a whole.

GETTING TO GRIPS WITH BRUSSELS

In his speech in The Hague last night Sir Geoffrey Howe launched an idea which runs counter to the pite doctrine of the European Community as it is often seen to be. He proposed that when they draw up the Community's budget each year, the Commission, ministers and members of parliament should regularly take a new factor into account: how the budget would affect individual countries. The aim would be to avoid the sort of situation faced by Britain — and West Germany — in which one country had to bear an undue share of the financial burden; and also to have a redistributive effect in which funds would be channelled from the richer countries to the poorer ones. It would be achieved partly by increasing spending in areas other than agriculture — on the assumption that agricultural spending itself could be curbed — and partly by special corrective mechanisms, presumably similar to those applied to Britain as a result of last year's budget settlement.

Sir Geoffrey's idea has little chance of being accepted as such; and that is apparently recognized in London, to judge by the statements made last month by Treasury officials to the House of Lords Select Committee on the European Communities. But the speech gives a clear idea of Britain's requirements as the member countries prepare for the critical negotiations on budget expenditure and the reform of the common agricultural policy; and a solution which goes a long way towards his objectives is

going to be needed if this country's difficulties are to be resolved. Since last year's agreement the situation has not been urgent. Arrangements were made for rebates for 1980 and 1981, and for a review of the situation in 1982. But no long-term solution was reached, and that will be the aim of the Community's negotiations.

Community doctrine says that policies are made on a Community-wide basis. A certain policy will be followed because it helps farmers, or coalminers, or whatever it may be, throughout the Community; and not because it helps a particular country. It is regarded as lacking in Community spirit to tot up the gains and losses made by one country, and to expect a "fair return" in cash terms for what it puts in. But the trouble is that this approach only works when all the member countries can in fact be broadly satisfied that they are getting out nearly as much as, or more than, they contribute. And that is manifestly not the case for Britain. Because of its small farming population, and the predominance of agricultural spending in the Community budget, it finds itself getting relatively little from the Community's funds, and in practice financing much of its activities.

It is, not moreover, just a British problem. West Germany has long been the major net contributor to the Community budget and, until recently, did not complain. But now, as a result of its own economic difficulties, and of the extra burden imposed by last year's

British settlement, it too is concerned about the level of its payments to Brussels. And like Britain, it is concerned about the effects of the entry of Spain and Portugal, both of which can be expected to add to the Community's outlay. There is the making, therefore, of a tactical alliance between Britain and Germany, designed to curb agricultural spending and place limits on the amount any one country should be expected to pay.

For the moment everyone is waiting for the Commission's report on the issue, due this month; and the negotiating process is bound to be slowed down by the arrival of a new government in France, not to mention the difficulties in Italy and the Netherlands. But there should be a first discussion at the European summit at the end of this month, and from July 1, when it takes over the presidency, Britain will be well placed to push for a settlement. Meanwhile Sir Geoffrey has set the process going by his statement, made in the Netherlands, a country which is well disposed towards Britain, but which has made big gains from the way the budget has worked so far and will not be eager to see changes. Several other countries are in this position. But they have to be brought to realize that there is a fundamental injustice in the present situation — and that in the Community's interest both Britain and West Germany have to have the assurance that there is a tight and lasting limit to the amounts they are required to pay.

Tomorrow's world

From Wing Commander Trevemen James

Sir, For more than half my life I have been professionally concerned with how best to prevent war in the nuclear age. From this experience, I would like to suggest, for consideration of Mr Philip Payne (May 22), more imminent and certain threat to present and future generations than

the mercifully unlikely nuclear holocaust.

Those who possess nuclear weapons fortunately recognize their suicidal nature, but amongst the teeming populations of the Third World, between 10 and 15 million people — at least half of them children — are already dying every year from malnutrition and water-borne diseases.

Of this tragic state of affairs Mr Robert McNamara, President of the

World Bank, said: "In many ways rampant population growth is an even more dangerous and subtle threat to the world than the nuclear war, for it is intrinsically less subject to rational safeguards, and less amenable to organized control."

Yours faithfully,
TREVEMEN JAMES,
Flat 7,
125, Harley Street, W1.

Records of the code-breakers

From Mr Ronald Lewin

Sir, I wish to draw the attention of your readers to a curious anomaly. For a considerable time I and others of much greater standing have been trying, in various ways, to draw the attention of the authorities to an important requirement: the need to record for archival purposes the "oral histories" of the men and women who, at Bletchley Park and elsewhere during the Second World War, were instrumental in breaking the enemy's codes and ciphers, in processing the intelligence derived from that source, and in applying that intelligence directly, during operations in the field. So far, those efforts have failed.

Yet no question of security arises. There is no inherent problem in arranging for such records to be made, in conditions of absolute security, or in withholding them from the public, in equally secure conditions, for whatever period may be deemed necessary — 10, 50 or 100 years. The vital need is to obtain a record of the oral histories of individuals who, and already certain key figures have taken to the grave a wealth of information which is lost for ever.

We shall be told, of course, that after the war sundry departmental records were made of the work carried out at Bletchley. The answer is inadequate. Any historian of experience is acutely aware that the "fine print" of reality is not often available in official reports, and that Goethe was correct in noting that "the most important things are not always to be found in the files."

During the preparation of my *Ultra Goes to War* I had many confidential talks with Bletchley people and users of Ultra in the field, and can attest that in the free flow of privileged conversation many facts about procedures and personalities emerged which could not have been obtained from any other source.

I write to you now because during a recent visit to the United States I discovered, to my surprise and chagrin, that the National Security Agency (an organization obsessed with secrecy) has already in train a system for acquiring for its archives the oral histories of American cryptanalysts who made outstanding contributions during the Second World War. My chagrin was increased when my friends at NSA informed me that they already have their own extensive oral history of one of the most eminent British officers at Bletchley Park.

Furthermore, the Oral History department at the United States Naval Institute at Annapolis has for years been making the fullest possible records of the principal naval officers of the Second World War, many of which are available to researchers in the Naval Archives in Washington. During my current study of the breaking of the Japanese codes and ciphers, and the effect on the war in the Pacific, I have found these documents invaluable — packed with information unobtainable elsewhere.

In this country the RAF Staff College already has a far-sighted programme for recording the recollections of its leading officers, made under secure conditions. I cannot understand why either inertia, or parsimony, or an excessive sense of secrecy prevents our authorities from making a similar system to record for posterity the reminiscences of those who, at Bletchley Park and in the field, were responsible for one of the most remarkable achievements in our history.

Yours etc,
RONALD LEWIN,
Camilla House,
Forest Row,
East Horsley,
Surrey,
May 31.

Civil Service strike

From Mr E. H. Algar

Sir, You will excuse some of us who are not impressed by today's report (May 27) that civil servants "will gather round the old, the sick and the unemployed".

I submitted my claim for mobility allowance from Stoke Mandeville Hospital on October 11, 1980. The acknowledgment from the Department of Health and Social Security was that I was to be paid the full amount of my claim. I was then telephoned about my claim and told only that I had no allowance for seven months but have not yet received my invalid die for my car, hence any visit to the shops to collect my medicines or food leaves me vulnerable to a parking prosecution.

Yours faithfully,
E. H. ALGAR,
152 Cromwell Tower,
Barbican, EC2,
May 27.

Choral economy

From Mr Charles Abdy

Sir, For the last 10 years I have been connected in a small way with the publicity for some of the musical events at St Paul's Cathedral. May I put forward a suggestion for a possible way out of the present impasse (report, May 16).

To all right-thinking people Commander Shears, the Registrar of St Paul's, is to be commended for refusing to pay the wages of six vicar chorals with money the Cathedral has not got, distressing though this is.

St Paul's is very generous to the City in its offering of music. The annual performance of *Messiah* and a Bach Passion which are always given "free gratis and for nothing" to all comers offer just one example.

Cannot the City reciprocate? Are there not six firms who would be prepared to sponsor a vicar choral to the tune of £3,000 a year? Or, better still, could not an association of the Friends of St Paul's Music be formed to provide a capital sum of £25,000 to provide a capital fund for the preservation of perpetuity?

Yours sincerely,
CHARLES ABDY,
57b The Close,
Salisbury,
Wiltshire,
May 23.

Prospects for the unemployed

From Professor Walter James

Sir, The proposals for expanding the contribution of young people to the needs of society by greater involvement in full-time community or national service have all the appeal of simple and at-a-stroke solutions. Full-time service reduces unemployment by delaying the entry of the young to the labour market, and secures the performance of socially useful tasks that society will not pay for at market rates. This approach

gild their lily by claims that national community service will restore a common sense of purpose, in which young people will put aside their "separate aims and their competing selfishness in service of a greater ideal."

It is precisely because the adult members and institutions of our society will not practise what is here preached that far-reaching and far-sighted solutions to the problems which young people are now being called upon to solve are not being attempted. When our children are for work we give them the serpent of unemployment, because we adults are not prepared to take such measures as eliminating our overtime, reducing our differentials, and modifying the nature of and returns on our investments. Accustomed since the 1930s to the belief that growth will provide social and welfare services, we are reluctant, in no-growth or slow-growth situations, to do more caring ourselves.

We need urgently and radically to reorient society to adopt new attitudes and practices to work and to the provision of community services, and to place the creation of youth opportunities programmes within this context. For such programmes, based on an integrated programme of units of education and training and employment and other activities to begin not later than the age of 14 and to continue at least to the age of 21, a much expanded scale. Above all we need to create the equivalents of such programmes for adults as a permanent and ongoing feature of the fundamental reorganization of the economics, structures and

ideologies of work that we are at present enslaved by.

Any calls that adults make in this connexion ought therefore to be to themselves. The cancer at the heart of the various proposals for national community service is that which is always present when the old ask of the young that which they are not prepared to ask of themselves. It is a naive and inappropriate response to call on youthful idealism to solve the problems which our so-called adult realism helps to create and prevents us from solving ourselves.

Yours faithfully,
WALTER JAMES,
40 Brecon Way,
Bedford,
June 2.

From Professor D. A. Bell

Sir, The Government believes that unemployment can be cured by increasing the competitiveness of British industry, pinning its hopes particularly to high-technology industries. The TUC believes that unemployment could be cured by massive government spending. Neither seriously takes into account the basic factor of technological change.

The high-technology industries are capital intensive and intensive in intellectual skills; and so they can never provide bulk employment for those who have been squeezed out of textiles, steel and the traditional heavy engineering industries such as shipbuilding. Fortunately change is not instantaneous; and even now surveys of industry show lack of skilled manpower (probably largely in the traditional manual skills) as a significant difficulty. But one thing which is clear is that throughout this century there has been a general upward trend in skill requirements. The need is no longer any hope of large-scale employment for the unskilled, whatever national policy may be followed. Both the Government and the unemployed had better recognize this.

Yours faithfully,
D. A. BELL,
87 East End,
Walsingham,
Beverley,
North Humberside,
June 1.

Criminal responsibility

From Dr Annette Lawson

Sir, Mr Playfair's letter (May 27) begins the debate which must surely now be undertaken in full. The Sutcliffe trial should lead to a critical appraisal of the law as it relates to mentally disordered offenders. It is not a question of psychiatry or of psychiatrists on trial — it is a question of reconciling two completely different ways of understanding the same behaviour. While we are concerned with the law, we must be either mad or bad, no reconciliation is possible. In my view Sutcliffe is both. "Mad" is not a synonym for "diminished responsibility", but at present our legal code seems to require such an assumption.

What we need is a law which recognizes the fact that people can be both mad and bad, both cunning, clever, articulate and intelligent and deluded.

If we had such a law two further possibilities would be open to us: the first, would allow a continuation of the attempt to determine moral culpability. The jury would be asked, having accepted that a defendant is both mad and bad, the degree to which he or she could have acted otherwise than he did. To the "clarification of this point" evidence could be brought to bear which in Sutcliffe's case was used to show whether he was a liar rather than deluded. For example, returning to earlier cases, I wrote of the implements of attack after arrest, confiding the hope that he might get only 10 years in a loony bin (I

imagine most lay people believe crazy people get short sentences in a softer option than do non-crazy people even though the reverse is sometimes true); breaking off an attack when disturbed; putting his clothes in a washing machine and so forth.

Maybe these and similar actions do suggest he could have spoken to a priest, stayed in the car with his friend, even given himself up when he realized and was distressed by the discovery he had killed non-prostitutes. Would he have been believed? Had he given himself up and had he been believed no doubt he would have been called mad. Mad but not wholly mad. Fit for the loony bin?

Alternatively, the decision could also be taken to "bypass" the problem of responsibility. Although we are currently the demand for a shift away from "therapeutic" to "tariff" codes of justice, perhaps, if juries could decide someone was both bad and mad, this could be one instance when, as Baroness Williams wrote 22 years ago, "differentiation... will be called for only in so far as it affects the kind of treatment that is likely to be helpful." (p. 267, *Social Science and Social Pathology*, 1959). No doubt that is what will actually happen behind prison doors. Why not make it happen openly?

Yours sincerely,
ANNETTE LAWSON,
Department of Sociology,
Brunel University,
Uxbridge,
Middlesex,
May 28.

Church's social work

From the Director of the Church of England Children's Society

Sir, I get worried when we try to separate the Church's mission into compartments, with one for suburban and one for inner cities. We should not imply that the Church has become a parody of the parable of the rich man and the poor man at prayer (Canon James's letter, May 27).

The clergy may have been forced to reduce their numbers in the inner city areas, but there is also a priesthood of the laity which is moving into areas of high need, not only in the inner city but also in the new towns and new housing estates where loneliness, depression and a sense of bleak isolation exists. The work done by religiously based social work agencies is supported by the suburban churches and supported generously. You will find hosts run by the Church Army and others. Family centres are run by the Church of England Children's Society, often in cooperation with many other organisations both statutory and voluntary.

The help given by the suburban church is without denominational or other strings. And it is these agencies which are the living Church. By their example the Gospel is being experienced both in and out of the cities.

We thank the suburban church for its support. With it we can reach out to the depressed, the single parents, the handicapped who cannot get out, bewildered, drifting teenagers, the delinquents, the glue sniffers and the unemployed.

Yours faithfully,
DONALD EOWIE,
Church of England Children's Society,
Old Town Hall,
Kempington Road, SE11.

From the Reverend Brian J. Doonan
Sir, I am glad that Canon Eric James (May 27) has entered the lists on behalf of the Church of England's

ministry in the inner city, but his proposal for an Archbishop's Commission fills me with alarm. The Church in the inner city has great strength and vitality with a depth of Christian commitment and spirituality which is so often lacking in many numerically stronger, suburban parishes. As Archbishop Runcie remarked after his pilgrimage to Walsingham last year, it is above all the Anglo-Catholic tradition of the inner city which has sustained and inspired its strength. The Church in the inner city is in good heart, and many of us, priests and laity, see in it the Church of England's only hope for survival.

The problems which Canon James lists are, of course, matters of concern, but the biggest of all is not clerical manpower but over-large, and impractical buildings. The great Victorian churches, glorious shrines of the Christian presence, have become white elephants and a terrible burden on the backs of priests and people. If the Church is to take seriously its commitment to the inner city for the future then it will give us all the support it can by coming to terms with this one problem.

Inevitably, the only answer is money — in some cases for restoration, in the majority for straightforward replacement. A commission, however sympathetic and visionary, is of little use — most of us could write its report now in our studies. What is needed is strong and imaginative policy about plant. There are plenty of priests willing to work with enthusiasm and joy in inner-city areas; they are not prepared to be the Church's curators of its Victorian architectural inheritance.

Yours faithfully,
BRIAN J. DOOLAN,
St Oswald's Clergy House,
11 St Oswald's Road,
Small Heath,
Birmingham,
May 28.

Overseas students' fees

From Professor Colin Harbury

Sir, You have had many letters about the way in which full cost university fees for overseas students are discriminating and undesirable. I don't think it is realised that they can in a curious way also discriminate against British students.

It is widely expected that the pressure from the present Government to reduce the intake of home-based students will also reduce the chances of acceptance for those with perfectly acceptable but numerically lower A level grades.

Not so for those from overseas, provided of course they can pay the fees. What is such a British student with means to do to get accepted in a university in his own country — emigrate and reapply?

This is surely another example of the arbitrary way in which government policy towards universities is operating. The sooner we get back to admitting students solely on the criterion of ability the better.

Yours faithfully,
COLIN HARBURY,
The City University,
Northampton Square, EC1,
May 28.

Resting place of Gen Sikorski

From Sir Bernard Braine, MP for Essex, South East (Conservative)

Sir, It is wholly fitting that the ashes of General Sikorski, who epitomized wartime Poland's heroic stand against the brutal subjugation of his country, should eventually be returned for burial in his native soil.

I recall, however, that after his tragic death at Gibraltar 38 years ago the Polish Government of the day resolved that his ashes should remain in the military cemetery at Newark until final victory restored Polish freedom. Thus, before our Government agrees to any request from the Communist authorities in Warsaw for the return of the remains certain questions need to be asked.

Is Poland yet a free country? Is there now completely free expression of political opinion? Is it not still under recurrent threat of Soviet military intervention?

These questions could best be answered by thousands of Polish ex-servicemen who chose to live in Britain rather than to go back after the war to a Soviet-dominated Poland. Before any decision is taken by our Government would it not be proper to ask the sizable Polish community in this country how they view the matter?

It may be argued that Poland is undergoing profound changes, is moving towards greater freedom, and the return of a Polish hero's ashes would encourage the process.

If this is really the case, would it not also be fitting for the Polish authorities to ask that the Soviet Government return the remains of the Polish officers murdered at Katyn so that they too can be given a decent burial in the land of their birth?

Is it not more likely that the time for the return of Sikorski's remains has not yet come? When it does let it symbolize all that he and his fellow countrymen struggled to achieve: the freedom and independence of Poland.

Yours truly,
BERNARD BRAINE,
House of Commons,
June 2.

Future of marriage

From Dr J. R. Allan

Sir, Dr Dominian (May 22) is probably right in suggesting that the present crisis in marriage is a symptom of an evolution towards a different type of relationship. However, the changes in marriage are themselves secondary to the more general changes in the role, status and expectations of women. On this view it is foreseeable that the more society moves towards a position of real equality between men and women the higher will go the divorce rate.

In former years there were effective constraints on divorce. These were partly legal, in the form of a strictly fault-based divorce law, and partly social, in that a serious stigma was associated with divorce and "living in sin". But for women the constraints were mostly economic — the alternative to enduring an unhappy marriage was abject poverty. Of all these deterrents only the economic survive to any significant extent.

When and if true economic equality ever becomes a reality, and that would require a revolution in present-day attitudes, it is at least debatable whether the result would be an even higher divorce rate or, perhaps more likely, a dramatic eclipse for marriage as we know it, for the institution itself and its former stability have been rooted in women's dependent status.

Yours sincerely,
J. R. ALLAN,
The Spinney,
Parkside,
Upper Hale,
Farnham,
Surrey,
May 22.

Samuel Palmer

From Dr C. P. Moss

Sir, Mr R. G. Keesling (May 28) can be assured that the centenary of the death of Samuel Palmer was commemorated both in Shrotham, the inspiration of much of his work, and in Redhill and Reigate, where he lived for the last 20 years of his life.

As well as exhibitions and lectures, a service of thanksgiving for his life and work was held on Sunday, May 24, the exact centenary of his death. A Palmer commemorative exhibition is also planned at the Ashmolean Museum, Oxford, in the autumn.

Yours faithfully,
GERARD P. MOSS,
10 Hursleigh Drive,
Redhill,
Surrey,
May 28.

Mystery tour

From Mr T. W. Howard

Sir, All rail travellers must welcome and appreciate the increased speed and comfort of Inter-City trains. But it is ironical that as the speed has got higher the station name plates have got smaller so that it is no longer possible to read them.

May we ask British Rail to revert to the old practice of showing the name of each station on a large board, as far back as possible from the track, in large clear letters, so that the name can easily be read from a train at speed?

Yours faithfully,
T. W. HOWARD,
21 Connaught Avenue,
Loughran,
Essex,
May 29.

Takes the biscuit

From Dr J. B. Barbour

Sir, There is another nice thing about the Milan underground (letter, May 23) — the station at the end of one of the lines is Gergonzola.

Yours etc,
JULIAN B. BARBOUR,
College Farm,
South Newington,
Banbury,
Oxfordshire,
May 23.



Deputy chairman, Board of CBE, formerly Chief Inspector of Schools, Ministry of Education, died on May 31.

area in London yesterday by the more than 500 plays, 70 of the writer's widow, Mrs Gwyneth paper, specially written or adapted for radio last year.

Deputy chairman, Board of CBE, formerly Chief Inspector of Schools, Ministry of Education, died on May 31.

es retained the class until a
v years before the last war.

oper. ted for radio last year.

No sign yet of
a productivity
miracle, page 19

Business News

THE TIMES June 4 1981

Keep down
the cost of
industrial building
ATCOST
LTD
22 Oldland Street, London SE1 1JN 01-493 0822

Stock markets
S&P 500 down 0.3
FT 100 down 0.08
Sterling
\$2.0175 down 205 points
Index 96.9 down 1.2
Dollar
Index 107.9 unchanged
DM 2.3595 down 87 pts
Gold
\$473.50 down 53
Money
3 mth sterling 12 1/2
3 mth Euro \$ 17 1/2
6 mth Euro \$ 17 1/2

IN BRIEF

RTZ raises stake in Tunnel

Rio Tinto-Zinc has bought more shares in Tunnel Holdings, taking its stake up to 53 per cent of the votes attaching to the ordinary shares. But the company said that it did not intend to make a counter-offer to the present bid from Thos Ward.

The move was sharply criticized yesterday in Ward's latest letter to Tunnel shareholders urging them to accept Ward's bid that RTZ was seeking to frustrate the offer for its own commercial reasons.

Ward also announced its results for the first four months to the end of March showing pre-tax profits up from £7.26m to £7.78m.

Beer output decline

Beer production in the United Kingdom for April this year was 3,041,372 bulk barrels, down 0.2 per cent on the 3,053,055 barrels produced in the same month last year. Production in the first four months of 1981 totalled 11,977,191 bulk barrels, a decrease of 6.9 per cent on the same period last year.

Beecham licence

Beecham has been granted a product licence for its antibiotic drug Augmentin. The Committee on the Safety of Medicines earlier recommended restricted use of the drug. Beecham shares gained 9p to 199p on the news.

Perkins strike threat

Six thousand production workers at Perkins in Peterborough voted for industrial action over their pay claim and shopstewards said there would be an all-out strike.

Savoy bid doubts

Sir Charles Forte doubts whether he can win control of the Savoy Hotel group, although he now has 57 per cent of the equity and 37 per cent of the votes. Acceptances for his £57m offer were still being counted last night and an announcement will be made today.

Kent redundancies

Fisher Controls of Rochester, Kent, intends to reduce staff to 170 of its staff—mostly office workers—redundant because of the recession. The company makes control valves.

Myson shares

Myson, the heating equipment manufacturer, suspended dealings in its shares yesterday and said it had received a possible takeover approach. Metal Box was rumoured to be the bidder.

The pound

Exchange prices for the pound are now contained in The Times Information Service on the back page.

Wall Street higher

The Dow Jones industrial average closed 2.23 points up at 989.71. The S&P 500 was 1.6204. TLE was 0.576266.

CURRENCY MOVEMENTS 1981

The pound									
	Index	Dollar	D/mark	Sterling	French	Yen	Gold	S/oz	
Jan 1	101.4	2.3910	4.894	4.25	10.84	486	247		
Jan 30	105.2	2.3870	5.044	4.57	11.61	499	213		
Feb 27	105.2	2.2050	4.70	4.33	11.08	467	223		
Mar 31	100.1	2.2445	4.72	4.31	11.14	474	228		
Apr 30	98.9	2.1403	4.73	4.32	11.24	461	225		
May 29	98.9	2.0700	4.82	4.29	11.51	463	231		
June 3	96.9	2.0175	4.76	4.22	11.25	451	235		

The dollar									
	Index	Sterling	D/mark	Swiss	French	Yen	Gold	S/oz	
Jan 1	95.4	0.4152	1.9750	1.7850	4.5680	202.50	585		
Jan 30	98.8	0.4219	2.1285	1.9305	4.8850	206.25	508		
Feb 27	100.6	0.4541	2.1305	1.9525	5.0150	209.35	490		
Mar 31	100.1	0.4455	2.1055	1.9215	4.9450	211.10	507		
Apr 30	100.0	0.4672	2.2103	2.0195	5.2375	215.80	482		
May 29	107.1	0.4831	2.3340	2.0745	5.5855	224.05	479		
June 3	107.9	0.4957	2.3595	2.0900	5.5865	223.45	473		

PRICE CHANGES

Rises									
Cavoods	10p to 232p	Phoenix	10p to 262p	RTZ	7p to 526p	Shell Trans	18p to 564p	Standard TC	11p to 520p
Churchbury Est	25p to 620p	Marine News	10p to 256p	Shell Trans	18p to 564p	Staffs Potts	10p to 358p		
Electronics	10p to 803p	Mezzies, J.	10p to 500p	Staffs Potts	10p to 358p	Vikfontaine	6p to 451p		
Farnell Elect	10p to 514p	Tele Rentals	12p to 345p						
Ferranti	10p to 500p	Standard TC	11p to 520p						

Falls									
EP	6p to 370p	RTZ	7p to 526p	Shell Trans	18p to 564p	Staffs Potts	10p to 358p		
De La Rue	20p to 740p	Shell Trans	18p to 564p	Staffs Potts	10p to 358p	Vikfontaine	6p to 451p		
Ham C.	10p to 112p								
Husky Oil	7p to 630p								

State industry chiefs attack cash curbs

By Peter Hill, Industrial Editor



Sir Peter Parker: group to study finance limits.

Nationalized industry chiefs, strongly supported by the TUC and the Confederation of British Industry, yesterday launched a strong attack on the Government's restrictive policy towards the financing of investment in state industry.

Sir Geoffrey Howe, Chancellor of the Exchequer, who chaired yesterday's meeting of the National Economic Development Council where the attack was made, seized on a suggestion by Sir Peter Parker, the British Rail chairman, that the scope for flexibility and alternative financing arrangements should be studied by a tripartite working group.

Establishment of the group, which will be led significantly by the Treasury against which the state industry chairmen will have turned their anger, will effectively defuse the growing controversy for some months.

The group is not expected to complete its work before October at the earliest. By then, the large corporations will be in the final stages of their discussions with the Treasury over financing limits for next year.

More importantly, the Treasury and Civil Service Committee next Monday will begin a short investigation into the financing of state industries, and its report is expected to be completed before the parliamentary summer recess.

Its investigations are bound to cover much of the ground which the NEDC-appointed working party—which as yet has no specific terms of reference—will cover.

Sir Terence Beckett, director general of the CBI, and other senior industrialists regard the move at yesterday's meeting as significant, coming as it does in the wake of the decision earlier this week to increase the external financing limit of British Telecom by £200m.

Certainly within the sponsoring departments—especially the Department of Industry, which is responsible for the shipbuilding, aerospace, steel and postal industries—there is a growing awareness among senior civil servants that greater flexibility of financing regimes is becoming more desirable.

Sir Peter, arguing the case for a more moderate and sensible approach to the financing of leading corporations' capital spending programmes on behalf of the Nationalized Industries' Chairman's Group (NICG), strongly urged the Government to consider a series of ideas which the group has outlined.

Attacking the imposition of undue limitations on the level of capital spending by many state industries, the NICG said that these were inhibiting the flow of orders for capital goods which would help to load under-used capacity in the private sector, and would lead to improved profitability and job prospects throughout many sectors of manufacturing industry.

The corporations have stressed that they are not seeking carte blanche to proceed with any investment programme. But they have told the Government that relatively modest changes to make the financing regime more realistic—without driving up the public sector borrowing requirement—would be beneficial and would not involve a basic shift in the underlying philosophy of the Government's economic strategy.

The angry chairmen, page 19

Pound slips on North Sea oil price fears

By John Whitmore

Increasing speculation that Britain will have to cut its price for North Sea oil appeared to be the main reason for the selling of sterling on foreign exchange markets yesterday. The pound fell by more than 2 cents against the dollar to \$2.0175 and also dropped against European currencies.

The fall began from the opening of business, accompanied by rumours of substantial sales from Swiss sources.

At one point the pound fell to \$2.01. Market sources said that the Bank of England seemed to be playing a fairly active role in supporting the pound from \$2.03 downwards. During the afternoon the rate was steadier.

The pound fell 6 1/2 pence against the Deutsche mark to DM 7.76, and by 13 1/2 pence against the French franc to FF 111.25. Its index against a basket of currencies slipped almost 11 per cent.

Fears that the price of North Sea oil may be cut were given fresh impetus by the Mexican decision to lower the oil price by \$4 a barrel. Industrial sources doubt, however, that any decision on North Sea pricing will be taken before next month.

Talbot losses top £75m

By Edward Townsend

Talbot, the British subsidiary of the French Peugeot motor group, announced yesterday that it made a pre-tax loss of more than £75m last year after its 1979 loss of £41.4m.

Mr George Turnbull, Talbot's chairman, said the losses were primarily the result of high interest rates, the strength of the pound, a decline in the size of the United Kingdom vehicle industry "leading to a disorderly marketing environment", and problems in Iran after the war with Iraq.

Talbot decided in February to abandon its operations at Linwood near Glasgow. The loss of 4,300 jobs and closure costs of £39.2m have been included in the 1980 accounts as an extraordinary item.

Talbot's 1980 results are further confirmation of the crisis facing the British motor industry. They follow BL's announcement of a £535.5m overall loss for 1980 and the 41 per cent slump in profits recorded by Ford of Britain to a pre-tax loss of £120m.

The Talbot figures show the company made a net loss of £67.3m after making into account a grant of £35m from Peugeot which covered an outstanding loan made to the British company by a consortium of banks. The loan was part of the 1976 attempt by the Government to save the ailing company, then owned by the Chrysler Corporation of America.

Mr Turnbull said 1980 had been a year of reconstruction for Talbot which would continue in 1981, and he forecast "a further substantial loss" for the year.

"However, by the beginning of 1982, the major steps will have been completed. The substantial losses from Linwood will be eliminated; a new five-year contract with Iran, currently in the process of negotiation, will be in operation; the benefits from the integration of the Talbot and Peugeot financials will begin to be realized;

and the Talbot product range will have been significantly strengthened."

He added that, with the continued support of Peugeot, and of employees, dealers and suppliers, plus an upturn in the United Kingdom economy, the company was confident that the actions taken and planned would put Talbot on a sound and secure basis.

Clearly, Talbot is placing considerable emphasis on the renewal of its Iranian contract which could be worth more than £1,000m over the next five years. The deal, Britain's biggest single export contract with Iran, covers the supply of cars for the production in Tehran of the Peykan, a version of the old Chrysler Hunter model.

In the United Kingdom, Peugeot—which itself made group losses of £2,000m (£170m) in 1980—has plans for investing £10m at the Ryton plant near Coventry to assemble the front-wheel drive Horizon, at present built in France.

Racal's £1.3m Taiwan deal falls through

By Catherine Gunn

More than 600 jobs will be lost in Bridgford, Shropshire after the collapse yesterday of a £1.3m agreement for the sale of Racal's electronic division to the Taiwanese company.

The sale, agreed in February, should have been completed on Monday but, when the two groups met to sign the contract, a disagreement ensued, which led to the collapse of the deal after two more days of negotiation. Now Racal is going to close down the Decca factory, which has been on the market ever since Racal acquired the Decca group in April, 1980. Racal says it has spent £7m on keeping the radio and television business going while seeking a buyer for it.

An angry Racal spokesman claimed last night that Taiwan had produced a host of new demands at Monday's meeting, which would have cost thousands of pounds.

One area of disagreement and confusion may have been over Racal's offer to save the cost of making 200 out of a workforce of 800 redundant in preparation for the handover.

The Racal spokesman said the group had offered to take on a further £100,000 of liabilities in order to salvage the sale. "But they steadfastly refused to close the deal."

He claimed the Taiwan representative eventually walked out of the meeting. "We considered that a termination of the contract," he said. Racal is taking legal advice on what redress it may have.

No comment was available from Taiwan UK last night. Mr W T Lin, managing director, and Mr C. F. Chou, vice-president, who have already been using offices at Decca prior to the handover, could not be reached.

Zaire makes more from its own diamond sale

By Michael Prest, Mining Correspondent

Zaire made more from its recent independent sale of diamonds than the price offered by De Beers, Belgian diamond industry sources said yesterday.

The sources confirmed that Zaire had ended its contract with De Beers, through the Central Selling Organisation (CSO) controlled by De Beers. But there is no indication that other diamond producers will join Zaire in its separate stand.

Sozocom, the Zaire state trading company, sold 620,000 carats of industrial diamonds on Friday. They were bought by two Antwerp firms, Cadi and Glasol, and by the Industrial Diamond Company of London.

The CSO has been handling sales of Zaire's stones for 14 years. A De Beers spokesman said that, while talks had stopped, that did not mean they would not be resumed. He said that Zaire accounted for 560m of the CSO's annual \$2,700m sales.

Zaire produced 8.1 million carats last year, but this is expected to decline to about 6 million this year. About 70 per cent of output is high quality industrial diamonds and another 20 per cent is of near-quality quality.

and the Zaire product range will have been significantly strengthened."

He added that, with the continued support of Peugeot, and of employees, dealers and suppliers, plus an upturn in the United Kingdom economy, the company was confident that the actions taken and planned would put Talbot on a sound and secure basis.

Clearly, Talbot is placing considerable emphasis on the renewal of its Iranian contract which could be worth more than £1,000m over the next five years. The deal, Britain's biggest single export contract with Iran, covers the supply of cars for the production in Tehran of the Peykan, a version of the old Chrysler Hunter model.

In the United Kingdom, Peugeot—which itself made group losses of £2,000m (£170m) in 1980—has plans for investing £10m at the Ryton plant near Coventry to assemble the front-wheel drive Horizon, at present built in France.

Sir Fred's cue for Riley

E. J. Riley, Britain's leading maker of snooker tables, supplier of a comprehensive range of cues and the biggest operator of snooker clubs, is about to conclude an important deal with Sir Fred Pontin.

He will be taking a stake in the group, which has 29 clubs up and down the country, with a view to further diversifying Riley's leisure interests.

Earlier this month Riley reported a fall in profits for the half year to January 31, thanks largely to a fall in furniture profits from £120,000 to £10,000. Total profits slipped from £345,000 to £310,000. Income from the 29 snooker clubs was £162,000.

Sir Fred Pontin will be the second distinguished name to join Riley in seven months. Steve Davis, the world snooker champion, was signed up last November—before he had taken the United Kingdom and world titles—to sell the Steve Davis cue. The group has a five-year franchise to sell the cue, made in Britain by a Canadian group.

Sir Fred, who is nearly 75, retired from the holiday camp business he founded just after the war nearly three years ago. He sold Pontins to Coral Leisure (now part of Baxi) for £56m. It later became known that he had a golden handshake of £240,000 as well. He was knighted for his charitable services in 1976.

Sir Fred left Pontins to help Scottish-based Belhaven Brewery which has itself been extending its leisure interests. It controls the Miss World competition, and owns the Hotel Playa el Retiro in Torremolinos. Belhaven now has Mr Eric Morley and Mr Ronnie Aitken as joint chairmen.

Sir Fred began his career on the London Stock Exchange

Dealers seek change in securities rules

By Philip Robinson

Sweeping changes in the rules governing licensed dealers were proposed yesterday, less than 24 hours before the Council for the Securities Industry was due to discuss Norton Warburg, the broking firm which collapsed four months ago owing £5m.

The proposals come from the Association of Licensed Dealers in Securities, which represents around 50 of the 350 firms licensed by the Department of Trade.

The association is seeking changes in the law under which the dealers are licensed. The Prevention of Fraud (Investments) Act 1958—and in the Licensed Dealers (Conduct of Business) Rules set up under it.

It wants the trade of business conduct changed to define an investment manager, ensure separation of manager and client funds, ensure a specific agreement for discretionary

clients, have an annual audit of each manager's activities and random audits.

Mr Robin Hodgson, the association chairman, also wants a reform of the licensing procedure under which the Department of Trade grants permission to deal.

It is essential that, before authorization, the character of those involved in any securities business be acceptable, the association says. A fundamental change here would be that applicants would have to prove they were fit to hold a licence. At the moment, the Department of Trade has to prove they are not.

The association wants the Act to be called the Investment and Securities Act and cover all who undertake securities transactions, including investment managers and solicitors.

Financial Editor, page 19

Study shows executives handle stress better than 'other ranks' Men who are bosses at heart

By Peter Brock

The stereotype of the senior executive who rushes around, building up tension, only to fall victim to an inevitable heart attack is being questioned by doctors, biologists and behavioural scientists in the United States.

The man who seeks responsibility and status is known as a type A personality, and previous research identified him as demanding too much from himself and suffering rapidly mounting blood pressure when things go badly.

But Medical News reports that a study by the United States National Institute of Occupational Safety and Health found that chief executives had fewer stress-related heart problems than the poor devils further down the line or even the secretarial staff.

The main challenge to the type A theory comes from Dr Meyer Friedman and Dr Raymond Rosenman of San Francisco. Their belief that type A behaviour does not predict the risk of heart attack is now being tested at the University of Nebraska, Omaha.

Subjects are exposed to a battery of

"ego-threatening" quizzes and games and, while they have their backs to the psychological wall, as it were, any changes in their heart rates are measured.

Dr Robert Elliot of the university says that already one study has shown that there was no correlation between tension-giving behaviour and heart problems. But this is a licence for hard-working executives to crank themselves up a few notches.

Dr Elliot believes that there is probably a statistical link between the driving personality and the risk of a coronary. But type A behaviour is only part of a much broader picture. For instance, there is no mention of the next played by nutrition.

Dr Michael Smith of the institute points out that one of its studies, published in 1978, found the greatest stress among clerical workers, caused by workload, lack of control over their jobs, boredom and anxiety about their career prospects. This view has since been supported by British studies particularly among manual workers.

Being trapped on the rungs of a career

or in a cul-de-sac does not enable people to cope with stress as well as the boardroom types, it seems, who have paced themselves to the top and learned to handle pressure.

At the physiological level, Dr Rosenman, who works at the Stanford Research Institute, points to studies showing that secretion of the hormone noradrenalin increases in step with deadlines and job pressures.

Again, it seems that the senior executive can handle these changes better than lower-ranked employees, who often try to stimulate production of the hormone with coffee, alcohol, cigarettes and other substances. It is this supercharging with noradrenalin that can lead to long-term trouble and eventual damage to the arteries, says Dr Rosenman.

Medical News quotes him as saying: "Executives in upper management tend to set their own schedules and are rarely forced to do more than they can do, not only because they are in charge but also because of their ability to schedule themselves properly."



From the Annual Report and Statement of the Chairman, Mr. J. C. Barclay

- * Satisfactory year in difficult circumstances
- * Net profit of £1,203,445 after transfer to contingency reserves
- * Dividend increased to 33%
- * Substantial increase in activity
- * Outlook uncertain under new system of Monetary Control

Financial Highlights

	1981	1980
Issued Capital—Preference	1,685,000	1,685,000
—Ordinary	4,324,571	4,324,571
Reserve	3,900,000	3,900,000
Profit & Loss Balance	1,767,131	1,621,637
Shareholders Interest	11,276,702	11,131,203
Total Assets	425,322,849	381,919,188
Profit	1,203,445	983,417
Dividends	1,057,951	967,135

Cater Ryder & Company Limited
1, King William Street, London EC4N 7AU
Telephone: 01-623 2070



\$400m loan sought by Russia

The Export-Import Bank of Japan said Mr Viktor Ivanov, Soviet deputy foreign trade minister, was expected to visit Tokyo next Tuesday to seek a loan of about \$400m from the bank to finance imports of 750,000 tonnes of Japanese large-diameter steel pipes.

Oil warning from Paris

Several member countries of the 21-nation International Energy Agency (IEA), including the United States, gave warning to all consuming countries at a meeting in Paris that the present world oil market leaves no room for complacency. The consensus of opinion was that present efforts to reduce oil consumption and dependence on imported oil have to be continued.

UK-Soviet trade

Trade between the Soviet Union and Britain ought to recover in a way that is satisfactory for both, the party newspaper Pravda said in a comment on the ninth session of the Soviet-British co-operation Committee.

Chemicals data pact

The western industrial nations and Japan—the leading producers, traders and consumers of chemicals—have agreed that test data on chemicals produced in one country will be accepted by all others.

Saudi IMF quota

Saudi Arabia's financial quota at the International Monetary Fund is to increase from 1,400 million SDRs (Special Drawing Rights) to 2,600 million. Saudi voting power in the IMF increases accordingly.

Iraq cuts pipeline fee

Iraq has lowered the pipeline fee it charges Japanese companies for oil delivered to the Mediterranean, effectively cutting the Government Selling Price of its crude.

Pressure for mergers as profits tumble

Why Co-ops will have to cooperate

From Derek Harris, Commercial Editor, Edinburgh

More evidence of the trading difficulties facing the Co-op, Britain's largest retailer, emerged as the Cooperative congress ended here yesterday.

Mr Lloyd Wilkinson, general secretary of the Cooperative Union, forecast that the number of mergers among retail societies would at least double in the next 12 months.

A number of possible mergers have been discussed behind the scenes at the congress as tough high street trading conditions have forced the retail societies to reassess their development strategy.

A more dramatic decline in the number of societies, now just below 180, could result from the proposed creation of a single society in Scotland, out of the 50 Scottish societies.

Details of the Co-op's trading performance in the past year, expected soon, are expected to show a marked decline in net profits with market share marginally down from the present 6.7 per cent. The Co-op's share of the packaged grocery market, which had been running at 17 per cent, has declined 0.8 per cent. The Co-op's retail sales in 1980 were £3,950,000, up 12.5 per cent.

But the disturbing decline in retail societies' capital expenditure, including investment in much needed projects such as supermarkets, was halted last year.

In 1979 the movement's £91m investment

spending was only 6.27 per cent of all retailers' spending. Societies should have had 7 per cent or more, not only to equate with their market share but to catch up on too slow past investment.

Last year's preliminary figures are expected to show some increase in capital spending. But the worry this year is the mounting struggle against trading problems and the high cost of loan finance.

This is why the focus is now on the efforts of the newly formed six-strong team, representing the three key organisations of the movement whose initial job will be to act as a fire brigade for troubled societies.

The team consists of the chairman and chief executives of the Co-operative Wholesale Society (CWS), commercially the movement's most powerful organisation, of CRS (the biggest retailer) and the Co-operative Union, the movement's central coordinating body.

Initially, the rescue role of the team could absorb most of its efforts as the rate of mergers increases. There were 14 mergers during 1980 and the first few months of this year.

But the team which includes one woman—Mrs Margaret Winfield, the CRS chairman—sees itself with a wider role. The quality of management, and especially of managing accounting systems, has been identified as a key area to be discussed with retail societies.

If more societies can be persuaded to improve their efficiency it will open the way for longer term loan arrangements. Means of offering such loans to societies—which are at a disadvantage with their competitors among publicly quoted multiples which have access to equity capital—are now being explored.

Resources of CWS, CRS—the movement's insurance arm—and the Co-op Bank are being harnessed for this.

The structure of CRS, the £800m sales retail operation which historically has been an ambulance service for troubled societies, is also under discussion. As mergers produce larger reasonably based societies it would be logical for parts of the widely dispersed CRS operation to be switched into some regional societies.

This could partly ease the increasing demand being made on CRS's management. CRS management's latest job, likely to take several years, is to digest the merging with CRS of the former London Co-operative Society, the movement's second largest retailer.

If merger talks involving two other big societies—the Royal Arsenal and South Suburban, aimed at creating a South-east regional society—fail to produce an agreement many in the movement believe that one or both of these loss-making societies will have to turn to CRS for help.

Man-made fibre policy attacked

By Our Industrial Staff

The Government was attacked yesterday for not taking immediate action to halt the decline of Britain's man-made fibre industry.

Mr John Stuart, chairman of the British Man-made Fibres Federation, said the industry's distress had been caused by a number of factors outside its control, the effects of which could have been ameliorated by Government action.

Making his farewell address as chairman of the federation, Mr Stuart accused the Government of taking what action it had to ease the problems of the industry as being too little and too late.

Highlighting energy costs, Mr Stuart commented that the Government showed scant regard to the interests of the economy as a whole or to the reality of energy production costs.

"The policy is enforced through the monopoly position of the public utilities... which to many observers in our competitor countries is welcome but quite inexplicable," Mr Stuart said.

This and other fiscal policies had resulted in a 25 per cent fall in man-made fibre production in the past year and a reduction in employment levels

Heath urges sweeping reform of world aid

From Frank Vogl, Lusanne, June 3

Urgent action to strengthen development assistance, including far-reaching reforms of international financial institutions, were called for today by Mr Edward Heath, the former British Prime Minister, and Dr Johannes Witteveen, former managing director of the International Monetary Fund.

Mr Heath said that the United States and Britain were becoming increasingly isolated in their efforts to block moves to strengthen official lending to developing nations. He suggested that evidence of this was the unprecedented rejection at the recent IMF conference in Gabon of Sir Geoffrey Howe, the Chancellor of the Exchequer, as chairman of the IMF's ministerial committee.

The payments deficits of developing nations, which this year may exceed \$100,000m (£48,000m) were at the heart of discussions today at the first session of the International Monetary Conference.

Mr Heath said the IMF should expand its lending by borrowing large sums, using its gold reserves as collateral.

Dr Witteveen called for an additional \$25,000m of lending by the World Bank for energy projects in developing countries. He sought changes in the



Dr Witteveen: World Bank should borrow far more.

Bank's articles of agreement that would enable it to borrow far greater sums in the capital markets.

Mr Heath asserted that the rich Arab oil exporting nations must be induced to provide far more cash for developing nations. This demanded that they be given a far bigger shareholding in the IMF and that the stakes of the industrial nations be reduced.

He said debt defaults by developing nations were an increasing probability and could cause enormous strains for the banking system.

Agreement on pay for engineers

By Baron Phillips

A national agreement covering pay negotiations for the whole of the engineering construction industry may be established.

The National Economic Development Office announced yesterday that a set of proposals had been agreed by the Engineering Employers Federation, the Oil and Chemical Plant Construction Association, and the main craft and general unions which they will recommend to their members.

The proposals are expected to form the basis of a national agreement for the engineering and construction industries covering work on large sites.

Discussions and negotiations have been going on for three or four years, but no concrete proposals had emerged until now for a national agreement.

The intention of the agreement is to provide an accord between the various unions and employers to prevent leap frogging attempts by some crafts over pay on large construction sites.

It was this individual pay bargaining, among other factors, which disrupted work at the Isle of Grain power station last year.

The present proposals put forward at yesterday's meeting covered around 30,000 of the industry's workforce. If members of both unions and employers reach agreement they are expected to be implemented by next November.

In the meantime a provisional national joint council has been established which will meet for the first time later this month. If these proposals are agreed they will provide the basis of a new operating agreement on large construction sites and improve productivity.

Discussions on the formulation of a national agreement arose at a NEDO document, the Engineering Construction Performance Report, published in 1977. This was used as a basis of negotiation between the employers and the unions, but discussions have broken down over the past three years.

It is hoped the national agreement will prevent gulf incidents such as at the Isle of Grain dispute.

LETTERS TO THE EDITOR

A positive side to the growth of Britain's black economy

From Mr J. McCarron

Sir, What struck me about your article "Let's have it in cash" on 28 May is that it gives the case for expansion of the economy, without inflation. As you say, the black economy is not wholly negative phenomenon. The growth of black activity has arisen because individuals cannot find continuity of work when the cost of labour is taken home pay (P) plus income related taxes (T). However, when the demand is there. It follows that if the Inland Revenue succeed in establishing a method to collect tax from these individuals the tax from these individuals the value added to the wealth of the country which by your estimate is 8 per cent of the GDR will disappear, and the ranks of unemployed will grow pulling the Government into greater debt.

These individuals and groups are operating beneath the economic margin in our economy. Other more respectable groups are also tapping this level of demand. In so far as groups like BL and BSC are in receipt of subsidies equivalent to the income related taxes they pay to the Inland Revenue

they are tapping demand beneath the margin within the sanction of law.

Whilst none of these examples pay tax, they benefit the country by creating wealth and employment. We can extend this benefit by absorbing companies from income tax until their receipts are greater than their costs plus take home pay and assessing tax only on this surplus. New business would come into healthy surplus more quickly, minimizing the need for financial backing; the black economy would come into the light.

Since these companies would offer their services at less than market rates the effect would be deflationary. The important fact is that there is a level of demand lying virtually untapped in the economy at a time when demand is cardinal. Rather than seeking to stifle it by taxation the Government is better advised to encourage its full exploitation and diminish its unemployment bills.

Yours faithfully,
J. McCARRON,
Project Manager,
2 Abinger Road,
London, W4.
May 29.

From Mr J. P. W. Holloway

Sir, You state (editorial, May 28) that the answer to tax evasion may be increasing in direct taxation—namely VAT. Surely, however, VAT provides the greatest incentive to members of the general public to pay cash and evade tax. In the example you quote of the plumber insisting on payment in cash, there is a benefit to both plumber and payer. The plumber receives a sum on which he pays no tax and the payer receives an immediate 15 per cent reduction (the VAT element) on the price he would have had to pay if he had not paid in cash. If no such benefit accrued to the payer, no doubt people would be less inclined to pay plumbers etc. on the spot, especially if they realize that ultimately such cash payments may lead to the payer himself paying more by way of increased taxation.

Yours faithfully,
J. P. HOLLOWAY,
56 Fullerton Road,
London, SW18.
May 30.

Advice for businessmen

From Mr G. J. ff. Chance

Sir, As a postscript to his obituary, published in your newspaper on May 21, your readers may be interested in the advice given to Sir Hugh Chance by his father, George, 60 years ago at the outset of his long career in business and the public service. Among the papers I have used in my research is a memorandum dated July 1920, when he started work at the Chance Brothers glass works in Smethwick, the family business (now part of the Pilkington Group) of which he later became chairman. These are extracts from what his father wrote:

"Carry out promise or threat, and never make either without seeing the way through. Should it prove impossible to give the unforeseen circumstances, be as outspoken as possible as to reasons and, in case of a promise not fulfilled, try to give satisfaction in some other way."

"Let people find by experience that your word is your bond. Talk to them in the way of old traditions which served our forebears as a 'code of behaviour' have disappeared, and while they may have still some respect for principle, and that if we expect decent and honest behaviour from others, we must ourselves behave in like manner."

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Income tax and the pensioner

From The Reverend H. C. Hurford-Veazey

Sir, Having just completed my first tax return after retirement, I have discovered that it is almost impossible to make a correct return of income. One's pension book lists for a few months and is then kept by the Post Office. In November, which is a little over the half-way of the tax year, the pension is increased. Some weeks, it is difficult to remember how many are at the old rate of tax and at the new tax rate. This makes extra work for the pensioner and for the tax collectors. Is there any reason why the annual rise in government pensions and other similar payments should not take place at the beginning of the financial year? Surely this would save a great many hours of work and would save the Government money.

H. C. HURFORD-VEAZEY,
Five Oaks,
Pluckley Road,
Charing,
Ashford,
Kent, TN27 0AJ.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

Yours faithfully,
G. J. ff. CHANCE,
Rhosyll Fawr,
Chwylog.

To the Shareholders of EAGLE STAR HOLDINGS LIMITED

DO NOT

TENDER YOUR SHARES

TO ALLIANZ

★ Your Board's advice is that Allianz's offer of a maximum of 290p—before taking into account any liability to capital gains tax—is not enough

★ In addition it does not reflect the premium that Allianz should pay to acquire such a significant shareholding in Eagle Star

★ Your Board is writing to you today to explain in full the reasons for this advice



Eagle Star

COMPANY MEETING NOTICES

MAKIN'S LIMITED
NOTICE OF HOLDERS OF BEARER WARRANTS

Holders of Bearer Warrants in Makin's Limited are notified that the Annual General Meeting will be held at the offices of Messrs. Charles J. & Co. 19, St. James's Place, London, W.1, on 27th June, 1981.

The Directors of the Company propose to give Shareholders the right to attend the Meeting and to vote on the shares in their own names or by proxy.

The Report and Accounts for the year ended 31st December 1980, together with a circular letter, are enclosed with this notice.

A form of Proxy is available from either the Company Secretary or the Share Registrar. It is for use in cases where you are unable to attend the Meeting in person. It is requested that completed and signed forms of Proxy be sent to the Company Secretary, 19, St. James's Place, London, W.1, as soon as possible, but not later than 48 hours before the Meeting.

A form of Proxy is also available from the Share Registrar, Messrs. Charles J. & Co., 19, St. James's Place, London, W.1, as soon as possible, but not later than 48 hours before the Meeting.

A Shareholder who wishes to elect to receive additional restricted shares in lieu of dividend must complete and return the relevant form as soon as possible, but not later than 48 hours before the Meeting.

By Order of the Board,
J. W. H. STROUD, Secretary.

4th June, 1981.

PUBLIC NOTICES

EMPLOYMENT AGENCIES ACT 1975
Notice of Application for a Licence to the Secretary of State for Employment, under the Employment Agencies Act 1975, in relation to the following business:

THE STUDIOS
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707,

BY THE FINANCIAL EDITOR

Now sterling puts the pressure on interest rates

Shergar may have dominated the track down at Epsom yesterday but in the foreign exchange markets it was sterling that led the field, though whether it was running in the right direction might, of course, be a matter for argument.

After its steady slide of late, the pound met significantly increased selling pressure yesterday, falling sharply not only against the dollar but, for once, against the European currencies, too. Just how strong a magnet the \$2 level is to market operators is not really clear and opinions differ widely on the extent of support sterling would find around that level. What does seem clear, however, is that the authorities are increasingly nervous and all the signs yesterday were that they were supporting the currency fairly actively once it slipped below \$2.03.

Exactly what sparked off yesterday's selling, and why, is the usual mystery in foreign exchange markets. The Mexican decision to cut their oil price by \$4 a barrel was not unexpected, any more than a cut in the North Sea price would come as a surprise. What we seem to have at the moment, however, is a combination of factors working against sterling: worries about the oil price, fears that dollar interest rates may not come down quickly, and a feeling that sterling has come to look increasingly overvalued vis-à-vis EMS currencies.

The United Kingdom Government would probably not object to some further depreciation against the European currencies but it must be worried about a further fall against the dollar. So far, we have been able to stand aside in the international interest rate war. The question now must be whether or not we can continue that stance if sterling remains under pressure over the next few weeks.

EUROCURRENCY INTEREST RATES

	1 week	1 month	3 months
Sterling	11½	12½	12½
Dollar	18½	17½	17½
Swiss Franc	6½	9½	10½
Deutschmark	11½	12½	12½
Guilder	11½	12	12½
French Franc	24	24½	23½
Lira	19½	22	22
Yen	6½	7½	7½

Marley Deferred hopes

Marley set the scene for a dismal series of results from the building materials sector yesterday with news of an interim profits collapse from £10.4m to £5.1m. But the market had been steeling itself for even worse and the shares rose 1½p to 45p yesterday. None the less, the continuing relative strength of Marley and many of its rivals



Mr Owen Aisher, chairman of Marley.

is somewhat surprising given the long period of outperformance these groups enjoyed until March.

That relative strength was based on hopes of a continuing downward spiral in interest rates reactivating a somnolent housing sector. Recent events have of course suggested,

if anything, a complete reversal of that position.

Meanwhile, for Marley itself, spending heavily on DIY expansion the interest rate problem is doubly onerous. With borrowings rising to £90m as the group approaches the seasonal peak, interest charges of £5.9m have absorbed almost three-fifths of trading profits.

Marley has, of course, been hit especially hard because of the wet spring and should improve in the second-half on the performance which more than halved United Kingdom trading profits to £4m. Meanwhile, overseas trading profits, up 11 per cent at £5.1m, thanks mainly to a strong South African performance, should continue to show resilience.

Even so, Marley seems unlikely to produce profits of much more than £17.5m against the previous year's £15.9m in spite of the absence of rationalization costs which took £5.4m out of the pretax total last year.

Assuming of course that signs of the upturn emerge next year, Marley's longer-term attractions are as bright as any in the sector. But on a likely p/e ratio of 11 and historic yield of 7 per cent—the interim was partly financed from reserves—the shares could offer better buying opportunities before this year is out.

● Licensed dealers are currently in danger of being tarred with the same brush following the Department of Trade's action against three of them, and the collapse of Norton Warburg whose licence was renewed by the DoT less than two months before it failed.

It is not surprising then, after months of detailed work, that the two-year-old Association of Licensed Dealers in Securities has chosen this moment to present proposals for a sharp tightening of the Code of Conduct and a revision of the law to give it some bite. Broadly, it wants the 40-year-old Prevention of Fraud (Investments) Act and the Code weighted towards protection of the unsophisticated investor, and proposes stricter rules for investment managers.

Even with the will to change the law, the Department is unlikely to be given a Parliamentary slot for more legislation, after two huge companies Bills, and any compromise would serve to confuse rather than clarify. Codes of conduct are of little effect without a commitment from participants to abide by the rules, and a big stick if they do not. So there must be doubts about self-regulation's effectiveness in this case. Prerequisites for its membership—although still a secret—are apparently so high that they represent only half potential members. And as many as 20 dealers who hold a current licence have had to be turned down because they do not come up to scratch.

Comet Radiovision Backing a winner

Comet Radiovision failed to live up to its heady promise yesterday with interim figures showing value and volume turnover up by less than 3 per cent, to £118.1m and pretax profits up by 1.4 per cent to £5.74m. The shares, close to their high this year, shed 5p to 156p and the case for the group hinges mainly on the selling flair of the chairman.

The doubts about Comet are strong. The group rose through discounting electrical goods which other people like Currys now do just as effectively. The group admits that it is now so well represented around the country that new branches would simply trade away from the old ones. The rough of the business cycle is expected to be this month or next and the diversification outside electrical goods, chiefly into the DIY group, Timberland and jewelry manufacturing are either losing money or making little. Comet Electrical increased profits in the half year by one-third, so the group's shares would stand a lot higher without the non-electrical side.

For the short-term Currys looks the more interesting investment in electrical goods. Comet's appeal still lies in its operational gearing which can turn a 10 per cent increase in volume into a 40 per cent jump in profits. The group makes most of its money in the first half year so somewhere between £7m and £7.5m for the year seems in sight against £6.4m last time, and Comet's record must count for something.

Are we seeing a productivity miracle in Britain's industry? Many anecdotes from the factories suggest that we are: and even some critics of the Government's policy believe that tough conditions in industry are forcing companies to carry through changes which they should have made many years before.

One key piece of evidence which may look less than miraculous, but is in fact an encouraging pointer, is that the figures for productivity during this recession do not show as big a drop as happened in 1974-75, the period which most closely parallels what has been going on over the last 18 months.

The trouble is that all this evidence relates to one half of the recession, the half when output is falling. So far, the figures which support the idea that productivity is doing well are based on comparing the drop in output with the drop in employment.

Traditionally, recessions are marked by falling productivity because companies cut back the amount they produce more steeply than they cut their labour force. In the 1960s this was a striking phenomenon. Unemployment was so low that many firms feared that if they dismissed workers during a downturn they would not be able to find people to fill the jobs when orders came back, as they were certain to do.

Companies hoarded labour. Because productivity is simply output per worker, this meant that productivity fell when recession set in, even though as manufacturers started to increase production.

One notable feature of this picture was that the worse the drop in productivity as the recession started, the higher the productivity gain that could be expected when activity picked up.

The underlying trend of productivity growth, which is caused by changes in working methods and more investment,

remained fairly stable. So it was reasonable to look on the downturn in productivity while output stagnated as simply a deviation from that trend which would soon be reversed.

On that theory, the fact that productivity has not fallen very much is bad news, not good, in terms of prospects for productivity growth in the future.

What the optimists hope is that we are seeing something quite different from the past. They think that the underlying trend may have changed rather than that the explanation is simply that companies have adjusted more quickly to the gloomy prospects for the economy.

At this stage of the cycle we cannot say whether this is right. It could be that if companies ever find increased demand they will be able to meet it without taking on extra labour simply by using the workers they have more efficiently. Or it could be that they have decided to carry on at a capacity in the form of plant and people through the recession. There are certainly arguments in favour of the latter view.

No company manager can be sure that orders will ever come to justify holding on to his labour force. All companies have seen the disaster which the cash crisis of 1974 and 1975 caused to many companies in the private sector. The pressures are thus all in favour of shedding labour as fast as possible.

So it could be that the explanation of the fairly favourable productivity figures is simply that companies do not expect that they will be able to get output up again in the reasonably near future. This would certainly fit in with the fact that the drop in employment during the present recession has been particularly marked.

As the National Institute pointed out

in a discussion of the issue this week, the drop in employment during the present recession has been more than twice as large in percentage terms as it was in the 1974-75 downturn. It may be significant that a fall in the number of people employed has been more important in maintaining productivity compared with 1974-75 than has been a reduction in hours worked. Dismissing people is a much more final act than cutting back on overtime or introducing short-time working.

One other piece of negative evidence completes the gloomy side of the picture. Manufacturing investment fell far more sharply than employment over the past year. Investment is forecast to decline again over the next year. At the end of this year it is expected to be about 30 per cent below the levels of late 1979.

That suggests that industry is battling down the hatches for a long period of low activity, rather than gearing up for a high productivity growth. Indeed, without the machinery to produce the goods, it is hard to see how workers will be able to increase their productivity very much.

One answer which is often given is a change in attitudes on all sides. There is certainly a willingness at present to accept cuts in manning levels to preserve jobs. But these cuts in manning levels are made against a background of falling demand. There is no reason yet to think that workers who were prepared to accept a cut in the number of jobs as output fell will not demand an increase in the number of jobs if output goes up. The latest Confederation of British Industry survey contains rather ominously, reports from the North and North-west regions suggesting that labour attitudes may be hardening again.

That is the case against believing that productivity will do better over the present cycle than it has in the past. The case in favour is in part one of necessity. Unless it does, a lot of companies will go out of business over the next few years. Indeed, as long as the Government holds demand in check, the process of bankruptcy will ensure that only those who become more efficient survive.

What happens if productivity does rise? This question shows what a mess the Government has got itself into over the way it runs the economy. The view seems to be that this will be good because it will allow the economy to grow faster without facing inflationary pressures. At a time of reasonably full employment, that would be an impeccable analysis, but with unemployment at three million this winter, it has a rather different meaning.

The more that increased productivity becomes the deciding factor in the rate of growth, the more the Government is accepting the inevitability of high unemployment for as far ahead as it can see. If it wanted to the Government could raise productivity at a stroke by cutting off the many schemes which it has to protect jobs. That would reduce the number of people employed by perhaps half a million, without having anything like an equivalent effect on output.

That would do little to help the economy or the Government. Productivity is certain to increase when output picks up. But we do not yet know whether the gain will be faster than at the end of previous recessions. And if it is, the Government's unemployment problems will get worse.

David Blake

Business News staff examine the debate over public corporation financing

Why state industry chairmen are angry

Peter Hill

Yesterday's meeting of the National Economic Development Council was a significant juncture in the campaign to persuade the Government to adopt a more flexible approach towards the financing of major public corporation investment schemes.

There is every indication that the debate in the Council will become increasingly intense as the summer wears on and decisions start being made on the next batch of state industry financing limits. The industries have already managed to attract considerable support for the case of loosening the constraints and, significantly, the National Economic Development Office itself, in a lengthy paper to yesterday's meeting, says that detailed consideration of alternative means of financing public enterprise investment "appears desirable".

There are differences of emphasis among the advocates of a new approach, but it is quite clear that some relaxation of the scope for (at the very least) modification of present procedures would be both constructive and beneficial. The decision yesterday to establish a working party to study the alternatives is a modest step in the right direction.

The chairman of the various

nationalized industries are growing increasingly angry and frustrated about the way the Treasury tightly restricts their ability to finance worthwhile and potentially profitable major investment projects. Greater flexibility, the chairmen argue, would produce beneficial effects throughout industry, both public and private, and need not entail the public sector borrowing requirement soaring steeply upwards.

The nationalized industry heads (like many others) are trying of what they consider to be a "barren and divisive" debate over ownership in the public sector.

The two sectors of industry are massively inter-dependent—about £21,500m of business flows between the two each year—and in a carefully worded paper to the NEDC, the Nationalized Industries "Chairmen's" Group, it is altogether unrealistic to suppose that the well-being of either part of industry can really be enhanced by pursuing courses which weaken and constrain the other. The public and private sector businesses will either prosper together or decline together.

In the view of the chairmen's group the policy of attempting

to control the money supply, while in many ways desirable, is a blunt instrument in so far as it inhibits the ability of state industries to plan effectively and carry through important investment programmes.

The Government and the Treasury (supported by the formidable Mr Walter Goldsmith, director general of the Institute of Directors) take the view that any loosening of the shackles which would lead to higher investment will increase the PSBR and thus reduce the availability of funds for investment by the private sector.

The Nationalized Industries Chairmen's Group responds that this is not necessarily so. The theory of "crowding out" is "noticeably ill supported" by empirical evidence, they say.

Faced, then, with a stony-faced Chancellor and a pragmatic guard of Treasury mandarins around the PSBR, what do the state corporation chiefs think can be done to loosen the straitjacket?

They suggest that there are "moderate and sensible accommodations" which would make life easier for nationalized industries without in any way

undermining the foundations of the Government's economic policies. (What the state industries consider moderate and sensible the Government may, of course, consider totally immoderate and nonsensical.)

The chairmen's group argues in its paper that there is scope for relaxation in three principal areas. The first concerns the determination of investment levels. The corporations believe that the Government's assessment of its own short-term financial situation should not be the only criterion used to determine the level of investment that should be allowed.

The chairmen want a wider range of factors to be taken into account in the decision-making process. As well as the link between the PSBR and the corporations' annual, external financing needs, they argue that other factors would include: medium-term financial targets, which have considerable implications for investment and financing; the already established procedure under which the scale and content of public enterprise capital spending programmes; and the Government's views on pricing policies which bear closely on the need for external finance.

The chairmen's group has

also called for a more precise distinction between revenue spending and capital spending within the framework of the so-called PSBR rules. As a preliminary to a hoped-for change the group wants an examination of the way in which the existing rules bear on the public sector.

As part of this study it advocates that the external financing limits should be broken down into their component parts to establish whether all of them need to be linked to the PSBR with the same degree of rigidity.

Finally, the group has put forward a plausible case for greater access to private sector finance. It argues that since the Government's own financing burden is increased appreciably by the large capital requirements of public enterprise businesses, it would be reasonable to consider means of reducing that burden by allowing corporations to seek substantial funds from private sources to finance capital expenditure.

True, the Government already favours such a course, but is insisting on conditions, most notably in allowing parts of state businesses to private sector ownership, which in some cases may be impracticable and, in others, commercially undesirable.

Frances Williams

Mr Brittan's muddled thinking

The nub of the problem over financing state industry investment is that by convention their borrowings are included in the public sector borrowing requirement (PSBR). This is because state industries, explicitly or implicitly borrow on risk-free government credit.

The Government is trying to curb the PSBR in its efforts to control money supply growth and inflation. But the industries claim that the limits on what they can borrow have been so tight that they have been forced to scrap plans for worthwhile investment.

The Treasury response is that extra borrowing by state industries, whether privately or through the National Loans Fund as now, will soak up available funds or drive up interest rates, choking off investment by private industry. This is the so-called "crowding out" argument.

(Alternatively, other public spending would have to be cut to prevent the total of state borrowing from rising.)

As put by Mr Leon Brittan, Chief Secretary to the Treasury, in the Budget debate on March 11, "Allowing nationalized industries to raise money would be substituting additional investment in railways or water for investment in, for example, engineering or agriculture and would delay recovery of the private sector."

There are two reasons why this view is mistaken. First, as Mr Geoffrey Chandler, the director general of the National Economic Development Office, has pointed out, what evidence there is suggests that less borrowing by state industries would not produce an equivalent rise in borrowing by private industry, especially when demand is already depressed.

On the contrary, the substantial interdependence of public and private industry—with nationalized industries taking 80 per cent of telecommunications output, 85 per cent of mining machinery and 25 per cent of heavy electrical machinery, for instance—may even produce a "crowding in" effect. Extra public investment creates additional demand for private sector products, encouraging extra private investment.

The second reason why Mr Brittan is wrong is that there is absolutely no reason why public investment should not displace private investment if it can produce higher returns.

The chief complaint of the nationalized industry chairmen is that investment, such as expansion of the telecommunications network—which is clearly profitable by market

standards and which would if in the private sector have no difficulty in raising finance—is being prevented from going ahead. British Rail claims, for instance, that its electrification plans now under consideration by ministers—costing £775m over 20 years—would produce a return on capital of 12 per cent. By comparison, the present rate of return on capital in the private sector averages an abysmal 2 per cent (even before deducting interest and tax), down from about 6 per cent in 1978 before the start of this recession.

This provides some perspective for remarks made in April again by Mr Brittan that the return on much nationalized industry investment in the past has been "appalling low"—"broadly nil on average in recent years."

Instead of trying to devise

clever means of taking profitable investment by state industries out of the PSBR by changes of definition or control—through privatization, least back from private firms and the like—the Government should be asking itself two questions: is the investment worthwhile in terms of its rate of return or other relevant criteria; and is it more profitable than other projects in the private or public sector that it would displace, if any?

If the answer to both questions is yes then means should be found to enable the investment to go ahead, even if this means increasing the PSBR. Otherwise, the Government will be failing in its duty to provide adequately and sensibly for the economic future of its citizens.

Frances Williams

Business Diary: Super Mac's soporific Chancellor • Ship builders

Loath as I am to add to Sir Geoffrey Howe's worries in these troubled days, I feel bound to reveal that the Chancellor has acquired a strange nickname from that arch-rival Tory figure Harold Macmillan. Apparently SuperMac, who many now regard as the last of the true Tories, constantly refers to Sir Geoffrey as "the anaesthetist". Surprisingly, this does not arise from Sir Geoffrey's soporific speaking qualities (the ones which once led Denis Healey to say that being criticized by Sir Geoffrey was like being savaged by a dead sheep). The description was bestowed on him by Macmillan in memory of the time the former Conservative prime minister was waiting in the drawing room for the birth of his first child.

In stepped a mild, bespectacled anaesthetist who turned out, Macmillan later reflected, to be the spitting image of the present Chancellor.

The nickname has caught on, notably among the wets who make up the meaningless clique known as the Bow Group. This motley collection of ultra-dumps now refers to the leaders of our country as "Herself, the Mad Monk and the Anaesthetist." Find one good word to say about the Conservative Party of which it is allegedly a part.

Small wonder that two leading lights of the group, Jimmy Gordon and Ron Waters, have defected to the SDP. Their names were scarcely known

outside left-wing Tory circles, so the atmosphere at Number Ten is scarcely one of panic.

● For once a royal wedding covet with some special claim to be appropriate. The Macmillan, described by some as the Rolls-Royce of malt whiskies, is issuing a limited edition of a special blend, made up of the two vintages of Prince Charles's and Lady Di's birth dates—1948 and 1961.

Such pretty compliments are not open to the wise men, for whom a blend of 1948 and 1961 could be guaranteed to be a vinous disaster.

The Royal Wedding Macmillan has, as they say, been "marrying in the vat" since the couple's engagement was announced. Bonding started this week.

● Those same human beings among us who still fail to understand how aircraft get off the ground will doubtless be gratified to know that two of the craft taking place in the Observer Transatlantic Yacht Race are made of concrete.

Clearly, their masters—mad? Certainly not, says the Cement and Concrete Association—concrete boats are popular among amateur yacht-builders and one took part in the Observer race a couple of years ago.

I say "took part" advisedly: the hapless vessel failed to finish and a concrete yacht has yet to reach the end of the race.

Investment brokers Allan

Introducing your personal guide to London



What a patriotic young woman is Lady Diana Spencer. If you open out the colour cover of the latest copy of High Life, the British Airways magazine, (shown above), you can see the good lady holding up the Robinson Concise Guide to London as if she would hardly be seen anywhere without it.

Bearing in mind that many of the foreigners who wing their way to these shores in July will be here to see her marriage, it is perhaps appropriate that she should be the one to be seen commending a guide book to London.

Of course, what has really happened is one of those coincidental marriages of advertising copy and editorial text which occasionally happen to all of us, though not always in so pleasing a fashion.

produced by plastering sand-cement mortar on to an armature of wire mesh. My yachting colleagues tell me that neither is expected to ramp home first in the race, but there is great interest to see which of the concrete-clads leads the other at the finishing line.

● The opening of the London branch of Berliner Bank AG, the eighth largest private bank in Germany, yesterday, should serve to remind us of our entrepreneurial past.

According to Dr Dietrich

Belser, the Berliner chief economist, the new branch continues a long-standing relationship between the two cities.

For instance, Berlin apparently owes its running water to British enterprise. In 1853 the London Waterworks Company was set up to supply Berliners with water. Not only did we supply the technical skills, but also the capital by subscribing to the shares.

The British left the enterprise with its pockets lined in 1873: the city of Berlin took over the waterworks company's shares.

Berliner itself has a unique history. It was created in 1950 by the city's most famous mayor, Ernst Reuter, who in post-war Berlin saw the necessity of capital for the city's reconstruction and consequently founded the bank.

Since no private banks were allowed, Reuter set up Berliner and the city of West Berlin took it over. Today, the chairman is the mayor's son, Ehard Reuter, who is also chairman of that other well known German institution, Mercedes.

Social disaster is confidently predicted at the fifth annual Mid-American Consumer Conference to be held later this year in Oklahoma City. The programme starts—Wednesday evening: 4.00 Registration opens; 6.00 Get-Acquainted Reception; 8.00 Dinner on Your Own.

David Hewson

The General Scottish Trust Limited

A member of the Association of Investment Trust Companies

	Results for the year ended 31st March 1981	1981	1980
Total Income	£1,165,454	£1,034,469	
Revenue available for			
Ordinary Dividend	£602,288	£518,720	
Earnings per share	3.06p	2.63p	
Dividend per share	2.50p	2.50p	
Net asset value per share	82.80p	60.60p	
Total net assets	£17,923,542	£13,505,384	

Salient points from Mr. P.W. Turcan's statement

Both earnings and dividends per share increased by 16%, and net asset value increased by 36%. These results are very satisfactory, especially bearing in mind that dividend declarations, particularly by industrial companies were far less buoyant during the last few months of the year.

Every effort will be made to continue our record of steadily increasing dividend payments to shareholders and we foresee no reason why the dividend for the current year should not at least be maintained.

We have in mind that overseas markets may afford better value in the near future. Our U.S. and Japanese portfolios have outperformed the market indices in both countries—in the case of Japan, to a substantial extent.

Kellock Trust Limited, a debt factoring company, has been successful in obtaining a full listing. It has just been announced that the Bank of Scotland is taking a large stake in the business of the Company, and our holding, which is now valued at £350,000 (compared with £200,000 at 31st March), shows a very substantial profit over cost.

Copies of the report and accounts are available from R.W. McGregor, C.A., Secretary 4 Melville Crescent, Edinburgh EH3 7JB

FINANCIAL NEWS

Stock markets

Equities drift in quiet session

Business activity was low yesterday but the market remained relatively firm despite the revival of inflationary fears from the fall of the pound on foreign exchanges.

But the quiet trading came as no surprise with many investors and dealers away at the Derby. Once again special situations and trading statements provided most of the news. Continued uncertainty about the outlook for interest rates and the pound's 18 per cent drop against the dollar kept leading equities and government securities subdued through the day. Talk of rights issues is still a strong undercurrent to the market, which expects one from every large company about to announce results.

So the quiet start to trading continued through the day until after the Derby. Prices then steadied before easing by the close. The expected poor results today from BP for the first quarter were also a dampening factor.

After a 1.4 dip at 10 am, the FT index attempted to climb. At noon it was up 1.4 at 548.4 but by 3 pm it had dropped back to measure a 0.1 rise. By the close it was 0.3 down on overnight levels at 546.7.

Gilt remain a nervous market on worries of interest rates and dealers reported very little trading interest. Longs opened up to £1 lower to recover during the day. But by the close they had drifted down again to £1. Shorters were steady but still unclear where to go. Quiet conditions kept prices drifting and shorts closed £1/16 easier.

Wick many dealers absent the blue chip reported little trade with only modest plus signs against a few prices.

The news from Beecham that it has been given the go-ahead for its new drug Argemint saw the shares gain 9p to 199p in late trading after drifting during the day ahead of today's results. The good prospects expected to be announced today saw Glaxo move up another 6p to 356 in sympathy. Glaxo is believed to have attracted recent United States buying.

Unilever continued its recent gains with another 7p rise to 560p but otherwise equities drifted to close unchanged. Fisons stayed at 156p. Courtaulds at 69p and Hawker Siddeley at 304p, but ICI gave up 4p to 264p. BAT Industries gained 5p to 360p. Debenhams after recent good results, gave up 3p on profit taking. Reed International, on further consideration of figures, eased 7p to 251p. After the annual meeting at Blue Circle, at which the chairman's forecasts were encouraging, the shares were unchanged at 456p. Tube Investments, after its denial of rights

issue plans, moved up 2p to 170p but Vickers was unchanged at 180p.

Although the extension of finance to British Telecom was announced on Tuesday the news saw the electricals sector sparkle from the start of business. Standard Telephones and Cables which stands to benefit gained 10p to 520p, and Telephone Rentals jumped at one time 20p to 348p, but closed 12p up at 345p. Farnell Electronics put on 24p to 514p. Ferranti 5p to 500p and Electrocomponents 13p to 803p. But GEC gave up 2p to 686p and Plessey rose only 2p to 317p. The news that the deal with Tatum of Taiwan had fallen through hit Rascal, down 6p to 365p.

Dealers described particularly thin conditions which helped the exaggerated price movements. With several of the major electrical companies due out with results next month, jobbers are speculating whether these will produce the right issues the market is waiting for. Rascal and Plessey, which have drawn expressed interest in further United States expansions, are favourites.

Shares were suspended in Myson at 48p on the board's request because of a takeover approach. Shares have risen sharply from 25p a few months ago and only six weeks ago the group was hailed out by bankers.

Mixed trading news came from companies reporting. The predicted losses and no dividend at Avon Rubber saw shares dip 4p to 57p. On poor statements from Comet the shares fell 5p to 156p and Derwent gave up 33p to 87p. McCorquodale eased 4p to 146p after dismal results. Marley managed a 1p rise to 45p despite lower profits but a maintained dividend.

But better profits at East Midland Allied Press boosted

shares 5p to 118p and satisfactory earnings put on 4p to 118p at Coalite.

Higher than forecast profits saw Atkins Bros 4p better at 44p and Rowlinson Construction 4p up at 481p.

Ahead of results on Friday Bath and Portland made a 4p gain to 56p and Davies and Newman, with its annual meeting today, added another 7p to 136p after recent speculative interest.

Insurance broker Hogg Robinson, long regarded as a likely takeover target for an American broker, will today announce an acquisition of its own in the United States. The shares rose 3p yesterday to 118p.

Dundonian, after recent higher profits, retreated 3p to 74p, as did De La Rue with a 20p dip to 740p.

Satisfactory earnings at Alfred Dunhill saw shares gain 5p to 198p, and after announcement of Edw's subsidiary sale shares put on 7p to 46p. Still drawing strength from better profits was Martin the Newsagent, up 8p to 254p. But after the denial from 600 Group of an impending bid, F Pratt gave up 8p to 89p.

After the fading bid hopes at Polymark renewed talk of another takeover approach lifted the shares 17p to 112p. But after recent large gains on the back of a counter-offer, Charles Hill at Bristol slid 10p to 112p on profit taking. Elsewhere, speculative buying boosted Cavoods 6p to 228p and Pleasurama gained another 10p to 325p from interest.

Second City's 21m rights issue pushed the shares 5p down to 72p but news of a United States venture lifted Fothergill Harvey 6p to 157p.

Ahead of results next week Metal Box, a dull market for rights issue rumours, rose 8p to 190p and with the annual Estates and Phoenix.

meeting today, Austin Reed added 8p to 74p. Speculative demand lifted Dejan 11p to 175p and MP Kent 8p to 144p. Toser Kamsley was 3p better at 63p.

Shares were suspended on Haw Par on the Singapore market and dealings halted in London pending the news that Charter Consolidated sold its 117 per cent stake for \$556.5m, (£12.1m) to United Overseas Securities.

On the bid front TW Ward has once again urged Tunnel Holdings' shareholders to accept its takeover offer. Ward's shares advanced 7p to 132p after satisfactory profits but Tunnel, unimpressed, was unchanged at 440p.

Insurance jobbers reported a thin market but some reinvestment activity. Composite insurance shares with profits made from the Allianz raid on Monday for Eagle Star, Eagle Star added 1p, but Guardian Royal Exchange put on 6p to 292p. Commercial Union 5p to 164p and Royal 5p to 383p. Phoenix advanced 10p to 262p and General Accident 8p to 308p.

Banks were a quiet market but prices ended firmer through the sector. Midland finished 5p better at 318p. Barclays 3p at 403p and National Westminster 2p up at 358p. But Lloyds was unchanged at 345p. Hambros, with figures down, jumped another 15p to 900p.

Equity turnover for June 2 was £145m (bargains 15,427). Active stocks, according to the Exchange Telegraph, were Ultramar, Rascal, Commercial Union, Polymark, Edw, Shell, Reed International, Transport Paper, Glossop, Charles Hill, of Bristol, Debenhams, General Accident and Daxian Holdings.

Traditional options: Dealers reported quiet conditions yesterday. Calls were made in ICI, Burmah, Marley Docks, Ultramar, Eagle Star, Amalgamated and Phoenix.

Coalite lifts payout after slight rise in profits

Coalite Group, the solid fuels maker with interests in oil refining, building, merchanting and vehicle building, edged up second-half profits and after a 16 per cent interim increase to £7.35m, the year's total was up from £20.5m to £21.5m before tax.

But although profits have risen, the underlying trend appears to have been static or even downwards. The previous year was depressed by a lengthy strike which reduced smokeless fuel production and cost the group about £3m in lost profit.

Group sales in the year to March 31 rose from £335m to £358m. Coalite seems to have seen some benefit, mainly in the second half from interest received on the £10.9m raised from shareholders last July. In the first half, net interest received was down from £464,000 to £170,000 but ended the year with £450,000 lower at £538,000.

The final dividend has been raised from 3.66p gross to 4p, leaving the year's total up by 8 per cent to 5.94p on the capital enlarged by the rights issue. The shares closed 4p higher at 116p yesterday.

Earnings per share have benefited from the release of stock relief under the provisions of the 1981 Finance Bill. This reduced the tax charge by £2.35m to £2.15m compared with £5.84m the previous year from 19.9p to 24.0p.

Under current cost accounting, pretax profits are reduced to £13m. The main impact of the current cost adjustments came from £4.18m of extra depreciation and a £3.03m cost of sales adjustment.

Coalite raised money through a rights issue last year to fund further expansion, and possible investment in the North Sea. The group has a near 6 per cent stake in Sovereign Oil & Gas.

EMAP tops forecast with rise to £4m

By Peter Wilson-Smith



Mr Frank Rogers, chairman of East Midland Allied Press.

A strong performance by its national magazines allowed East Midland Allied Press to keep profits moving ahead in 1980, despite the decline in advertising experienced by provincial newspaper groups. Both BPM and United Newspapers have reported much reduced profits in recent months but EMAP's in the year to March 31 rose to a better-than-expected £4.05m in the year to March 28.

The final dividend also is higher than was forecast at the time of last November's £2.9m rights issue. The 3.29p gross final leaves the year's total up by 27 per cent to 5p and with the "A" shares up 5p to 118p yesterday the yield is 4.2 per cent.

Interest on the rights issue money contributed about £100,000 to profits but the main impetus came from national magazines, where profits rose from £1.4m to £2.3m. This partly reflects much lower losses from Match Weekly—the football magazine—which cost £600,000 in 1979-80 when launched. But advertising revenues also rose sharply in national

publications, with EMAP benefiting from its strong market position in the gardening, angling and motorcycling markets.

Although EMAP's provincial newspapers have limited exposure to employment advertising—the area worst hit by the recession—advertising volume was still 7.7 per cent lower, and

an 8 per cent rise in advertising revenues has been far outstripped by a 19 per cent rise in costs, so newspaper profits almost halved from £1.5m to £800,000. This year, with the decline in advertising now bottoming out, EMAP expects to maintain volumes, and rise increases in both newspapers and national publications should broadly cover higher costs.

Both contract printing and the retail division raised profits although profitability in contract printing could be threatened if the strike at Time Out, which EMAP now prints, is not resolved soon.

EMAP expects some increase in group profits this year but Mr Frank Rogers, the chairman, said it would be a struggle to achieve real growth. Meanwhile, with nearly £5m of cash after the rights issue, EMAP continues to look for acquisitions, having been outbid for the South Wales Argus by Express Newspapers.

It was also invited to offer for News International's political section, The Berrow's Organiser, but decided it was out of its range.

Time Products holds dividend as profits dip

Time Products, the watch and clock distributors, manufacturers and jewellers, saw pretax profits dip from £5.5m to £3.25m in the year to March 31, but over fell from £37m to £31m.

The final dividend is unchanged at 2.57p. The board says that the company has been holding its market share and should be able to react swiftly to any upturn. Commenting on the previous year, the board says: "Though conditions during the first months of the current year continue to be difficult, we are confident that once circumstances permit, the company will return to its long-established record of growth."

Dunhill has worst year since 1972

For Alfred Dunhill, at the luxury end of the tobacco market, last year turned out to be one of the toughest on record. The group, which is 51 per cent owned by Rothmans, saw pretax profits plunge from £6.5m to £2.8m.

The group has not produced a worse result than this since 1972, and until 1979 boasted a continuous growth record which saw profits peaking at £10.8m. Mr John Wood, the group's company secretary, said yesterday that the figures covering the 12 months to March 31 had been hit by exchange factors, inflation, high dollar interest rates and worldwide recession.

In spite of the setback, Dunhill has lifted the final dividend fractionally to 8.57p gross. But this does not fully compensate for a cut in the interim, and total payments are down by almost one fifth at 14.28p gross.

Attributable profits in fact rose slightly to £4.7m, thanks to a tax credit as a result of a stock relief write-back, and an extraordinary profit of £12m from the sale of subsidiaries, and the group's investment in Asprey, the jewellers.

In December, Dunhill sold its Collingwood jewellery business for £1.25m after making an unsuccessful move to buy Asprey.

Briefly

Toys and Co. Mr Bryan Toys, chairman, says in his annual statement that whilst there are signs of an improvement in trade, he does not see a real upturn will emerge until the spring of 1982.

Towles. Mr W. H. Towles, chairman, says in his annual statement that there are some small signs that recession may be lifting. We have, however, a long way to go to get back to our book as a real upturn improved a little but margins are still very slim.

Mountainview. Turnover for year to March 31 totalled £3.53m (£3.55m). Pretax profit £2.24m (£1.9m). Earnings per share 21.37p (£18.27p). Dividend 4.14p gross (3.49p).

Eva Industries. Pretax profit-year to March 31, £418,000 (£2m) after redundancy and severance costs £283,000 (£25,000) and interest £916,000 (£541,000).

T. C. Harrison. Mr Edward Harrison, chairman, told annual meeting that first four months have seen sales of new and used cars down from same period of last year, despite this the profits of car division have increased.

Bigmans. Dividend for year to March 31, £11.34p (£11.34p). Profit £11.0m (£11.75m) before tax of £519,000 (£581,000). Earnings per share 1.76p (£2.64p). Interim dividend, 0.75p gross (£1.14p).

W. Williams and Sons (Holdings). Mr W. E. Williams, chairman, says in his annual statement that the economy is continuing to affect group in early months of 1981, and as a consequence, it was decided to move non-ferrous foundry at Porthcurn to Cardiff and sell off the freehold site at Porthcurn.

Lee Cooper Group. Mr H. Cooper, chairman, says in his annual statement that 1981 should show an improvement over 1980, although sale is very much value of pound against other currencies. Board is confident that 1982 will see the recognition of profitable growth. Mr Cooper is to retire at end of 1981 after 45 years' service.

Kills and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

Ellis and Goldstein (Holdings). In his annual statement, Mr A. J. Philpott, chairman, says strength of group is displayed in balance sheet where current assets exclusive of stocks more than cover current liabilities. Structural changes made and improvements to productivity will bring benefits particularly on any improvement in demand.

McCorquodale lower

The overseas operations of specialist printer McCorquodale have again helped towards making up for the problems in the domestic market, although profits for the half-year to March 31 have still fallen by 13 per cent to £2.34m.

Higher interest charges—up from £52,000 to £71,500—account for part of the downturn, but United Kingdom trading profits were also lower, with the packaging operations entirely to blame. Hit by the recession and serving the depressed whisky industry, sales of the main packaging company were down by over a quarter in volume.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Other United Kingdom operations did slightly better overall, with cheque printing increasing volume, and book binding returning to a small profit after making losses in the preceding half year. The major rationalization in book printing has now been completed with the closure of McCorquodale (Newton) and this accounts for most of the £609,000 extraordinary item.

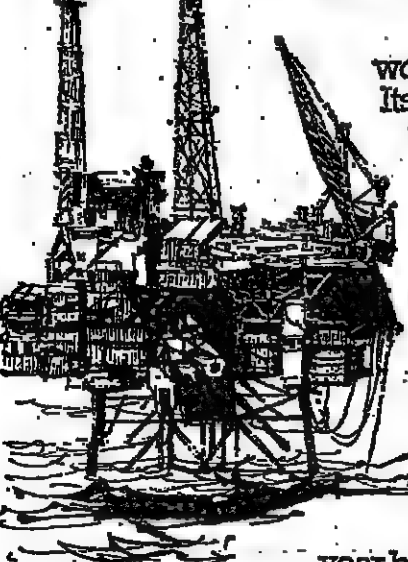
A 28 per cent profit rise to £386,000 from associated companies reflected the progress in Brazil and South Africa while elsewhere, overseas North America provided the main improvement contributing about £200,000 more.

McCorquodale says there are signs that the worst of the recession is over.

Matthew Hall

Professionalism and new skills contribute to a further profit increase.

Matthew Hall is a British Company engaged worldwide in two main streams of activity—plant design and contracting serving the needs of all the principal energy industries, and the design and installation of building engineering services and electrical and instrumentation systems.



Oil, Gas and Chemical Engineering

The Group employs, worldwide, over 6,500 people. Its reputation is that of "engineers to the professionals", trusted to provide specialist services to the world's leading contractors and industrial companies.

It is this professionalism and the constant development of new skills that have contributed to the 22% increase in pre-tax profits for 1980 reported by Sir Rupert Speir, Chairman, in his annual statement to shareholders.

The contribution from the UK and Australian Building Engineering Services sector was increased and the electrical activities of Holiday Hall returned to profit. The Oil and Chemical Engineering operations continued to progress with improved results from Holland and Australia.

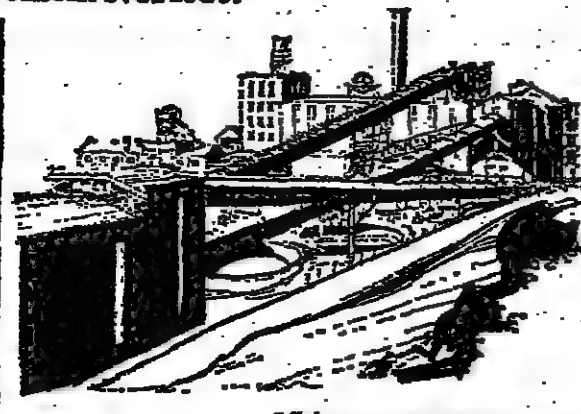
Coal, Mining and Materials Handling experienced a difficult year but, nevertheless, this sector improved its profit contribution.

A 1-for-1 scrip issue is proposed, as is also an increased final dividend of 6.552p.

In spite of many adverse factors the Group enters 1981 with a good workload but margins on all new work are under pressure. However, barring unforeseen circumstances, the results for 1981 are expected to show an improvement over 1980.

Summary of Results	1980	1979
Turnover	£253,664	£219,960
Profit before taxation	9,208	7,570
Taxation	406	1,838
Exceptional taxation credit	(7,862)	—
Profit attributable to shareholders	16,660	5,729

Dividends per share (gross)	12.18p	10.51p
Earnings per share—excluding exceptional taxation credit	51.48p	22.74p
including exceptional taxation credit	97.48p	33.52p



Mining and Materials Handling

Copies of the Annual Report 1980, containing the Chairman's Statement in full, available from the Secretary.

MATTHEW HALL & CO., LIMITED
101-108 Tottenham Court Road, London W1A 1BT

M. J. H. Nightingale & Co. Limited
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market					
1980/81	High	Low	Company	Price Ch'ge Div/pt	Yld % Fully Paid
76	39	39	Airtrump Group	71	4.7 6.6 11.3 15.6
52	21	21	Armstrong & Rhodes	49	1.4 2.9 20.2 46.7
200	92	92	Bardon Hill	200	9.7 4.9 7.5 12.8
104	88	88	Deborah Services	104	5.5 5.3 5.1 9.8
126	88	88	Frank Harsell	104	6.4 6.2 3.3 6.0
110	39	39	Frederick Parker	60	1.7 2.8 26.1 —
110	64	64	George Hale	64	2.1 4.8 — —
118	39	39	Jackson Group	106	6.9 6.5 4.0 8.2
129	103	103	James Barrough	129	7.9 6.1 10.6 10.6
334	244	244	Robert Jenkins	318	31.3 9.8 — —
55	50	50	Scruttons "A"	55	5.3 9.6 4.0 4.0
224	202	202	Torday Limited	202	15.1 7.5 3.4 7.8
23	8	8	Twinklford Ord	15	— — — —
90	68	68	Twinklford 15% ULS	77	15.0 19.5 — —
56	35	35	Unilock Holdings	43	3.0 7.0 6.6 10.5
108	81	81	Walter Alexander	101	5.7 5.6 5.6 8.9
263	181	181	W. S. Yeates	255	13.1 5.1 4.8 9.8

Davies & Newman HOLDINGS LIMITED

- Group results satisfactory.
- Substantial investment in aircraft by Dan-Air.
- Dan-Air fleet fully committed for the summer.

"I am confident that the effects of the recession will be overcome, but I feel it only wise to strike a cautionary note with regard to the current year."

F. E. F. Newman, M.C.
Chairman

Summary of Results	1980	1979
	£'000	£'000
Turnover	153,815	129,487
Operating profit	3,287	3,625
Profit before taxation	2,350	3,375
Taxation credit	(182)	(196)
Profit after taxation	2,532	3,571
Extraordinary item	2,082	—
Shareholders' funds	16,447	12,350
Dividends per share	9.24p	8.57p
Earnings per share	44.6p	62.9p

FINANCIAL NEWS

Cons Gold has 5.6pc of Ultramar

Consolidated Gold Fields, the mining finance house, revealed yesterday that it has built up a 5.6 per cent stake in Ultramar, the oil company.

But a Cons Gold spokesman said that there was no intention of taking over Ultramar or even of acquiring a strategic stake. Cons Gold said, however, that it might continue to buy Ultramar shares in the market. Cons Gold's previous stake in Ultramar was 3 per cent. The extra 2.6 per cent was bought in a block from an undisclosed seller for £6m. The shares will be held as a portfolio investment.

House of Fraser plans expansion

House of Fraser has agreed to invest £2.9m in the building of a single storey computer warehouse and distribution centre in the Bristol area intended to serve the Dingle Group of stores.

The Warehouse will be fully operational by the spring of 1983. Anticipated savings in distribution and warehousing costs will prove substantial. The board has also agreed to invest £2.7m in expanding the existing Army and Navy Store in Bromley, Kent. The building work will begin immediately and add a further 30,000 sq ft to the existing store.

Derivend Stamping's net loss tops £1m

On turnover down from £35.1m to £31.4m, taxable profit of Derivend Stamping dropped from £1.9m to £168,000 for the year to February 28. After tax there was a loss of £1.39m against a profit of £1.97m. The dividend was cut from 12p to 9p.

Hill and Smith acquisition

Hill and Smith has acquired Birtley Manufacturing, a maker of galvanneal steel, metal and garage doors for £530,000 cash. Net tangible assets of Birtley as at July 31 were £245m and net losses £128,000. After taking into account capital sales and transfers made by Birtley since July 11, its net tangible assets on acquisition amounted to some £134m.

Rowlinson jumps to £420,000

Taxable profits of Rowlinson Construction Group went up from £62,500 to £420,500 for the year to March 31. The result reflects a tax credit of £493,000, against a debit of £18,000, and came on turnover of £10.2m against £8.5m. The dividend is held at 0.85p gross. The board expects profit to rise this year.

Full-year loss at Irel reduced to \$62m

Irel Corporation's loss for 1980 was \$62.1m (\$30.2m) compared with a loss of \$443.3m in 1979. Irel's 1980 loss results primarily from the burden of high interest expense—\$154.7m in 1980 compared with \$123.3m in 1979—and from lower operating revenue from continuing operations because of weakened economic activity in the United States during 1980. The loss from continuing operations was \$74.7m on revenue of \$207m compared with a loss of \$49m on revenue of \$221.6m in 1979. Irel says it expects revenue from continuing operations to remain at a reduced level in 1981.

City of Dublin advances

City of Dublin Bank has announced a 13 per cent increase in pretax profit from £1,777,000 (£1,700,000) to a record £2,012,000 for the six months to March. Earnings per share are up from 2.48p to 2.51p and the interim dividend is unchanged at 0.875p per share. Mr Thomas Kenny, the chairman, reports a further growth

Monsanto optimistic

Mr John Hanley, chairman and chief executive of Monsanto, said in London yesterday that 1981 should be a much more acceptable year for the company's profits than 1980. Mr Hanley said that first-quarter results were encouraging, with textiles operations in the black for the first time.

Business appointments

Mr David Palmer to be chairman of Willis Faber

Mr David Palmer is to become chairman of Willis Faber at the end of this year. Mr Richard Bowles will be a deputy chairman of Willis Faber and Willis Faber & Dumas from July 1. Mr Rupert Hambro, executive director of Hambro Bank, has been named a director of Anglo American Corporation of South Africa. Mr L. Hightington, formerly managing director of Northern Strip Mining, is now a joint managing director of Minicorp (Europe). Mr J. R. Hall becomes managing director of Northern Strip Mining. Mr J. Stringfellow is now managing director of Minicorp's subsidiary Martin Kennedy. Mr Malcolm Perkins has joined the board of Unocrome Industries. Mr G. L. P. Kiddon has been made a director of Goddard (LDA). Mr R. E. Ford becomes a non-

Avon Rubber in red

By Catherine Gunn

After returning in a first-half loss of £151m, the Avon Rubber tyre group expects to make a loss for the full year to September 31. Over the whole of last year a fall in demand in the second half left the group with a profit of £840,000.

The group took a further beating in the first quarter of the current year with demand for tyres still falling, while a strong pound turned export sales into losses. Avon ended the six months to April 14, with the pre-tax loss against a profit of £764,000.

There is no interim dividend, against 5.7p gross, and the shares fell 5p to 97p yesterday. The market for tyres and tyre-related products remains a shambles, with serious over-

capacity in Europe. However, the reorganization and related redundancies carried out, at Avon last year, and in the first part of this year, now total 1,800 jobs lost. This should reduce tyre losses, while the much smaller other interests are doing well. If tyre prices can be increased, which Mr Peter Fisher, group managing director, doubts, Avon Rubber could break even in the second six months of this year. But Mr Fisher said the group will definitely make a full-year loss.

Although the group is concentrating its expenditure on its non-tyre operations, which are growing fast, the bulk of the business still comes from the tyre market, and a £268m drop in operating profits to

£1.83m before depreciation, reflects its collapse.

Turnover fell by £2.86m to £78.3m, reflecting the fall in demand and the recent sales of Avon Medicals and Agricultural Engineering, whose combined annual turnover is £13m.

Proceeds from those sales will go towards further reducing debts. Interest costs in the first half fell by 24 per cent to £1.7m.

Reorganization, closure and redundancy costs came to £501,000 in the first half, and a further £948,000 was written off after disposals. All are shown as extraordinary items.

Mr Fisher takes a very cautious view of the future. "The tyre market continues to be our biggest headache"

Second City cash call for £2.2m

Second City Properties, the housebuilder, contractor and property company, is making a cash call of £2.2m through a rights issue of one-for-four at 60p a share.

Coastal Securities, a property and investment group with Swiss, German and Dutch connections, has built up a 10.8 per cent stake in the group wherein Mr Geoffrey Joberns is thought to control around 15 per cent. Scottish Amicable Life Assurance Society has a further 14.5 per cent.

Labofund A G is interested in 11.3 per cent, which includes the Control Securities stake because Labofund owns more than one third of Control. For good measure, 7.7 per cent is in the name of Glynis Nominees, held for Slavenburg Oyens and Van Eeghen NV.

The issue has been underwritten by Samuel Montagu, and the brokers are Hoare Govett. It is not yet known whether the other holders will be taking up their rights. The shares fell 5p to 72p on the latest news: the market interpreted the issue as a way of diluting stakes held by potential predators, and it feared that the Second City issue would go the way of the recent cash raising by London Shop Property Trust, where McLeod Russell was a 20 per cent shareholder. Some 71 per cent of that issue was left with underwriters.

Second City reports that pre-tax profits in the year to April 30 were at least £1.28m against £1.2m.

Net tangible assets are estimated to be 75p a share, which the rights issue will dilute to 75p a share. The group makes no forecasts with the issue, but it is thought that housebuilding will perform better this year than last. Towards the close of 1980 housebuilding was an industry all but seized up.

Dow to float off further 20pc of banking arm

American giant Dow Chemical expects to float off a further 20 per cent of its Swiss banking arm, Dow Banking Corporation, next year. In November, a quarter of Dow Banking's equity was sold to the public and the bank was listed on the Zurich Stock Exchange.

Dow Chemical has no intention of losing control of its Swiss bank. The value of its

investment in Dow Banking has risen from the £24m (about £11m) original outlay 14 years ago to more than \$150m now with just three quarters of the shares.

The only thing stopping Dow Chemical from realizing another parcel of its investment now is the weak Swiss stock market and, in particular, the slide in banking shares there.



Sir Rowland Wright (pictured), chairman of Blue Circle Industries, Britain's largest cement manufacturer, told shareholders at the annual meeting in London yesterday that performance overseas continued to be highly encouraging, whereas at home the picture remained depressing. By the time the results for the first half of 1981 were reported in August he hoped to have formed a reasonable view of prospects for the year.

The continuing recession in the United Kingdom construction industry is reflected in the level of both our cement and non-cement home sales.

How producers lost control of the price of platinum

Mining

Control over the price of platinum metals seems to have slipped from the hands of the producers after some 40 years of market domination. A sure sign is the odd fact that the free market price of about \$458 an ounce is \$17 below the producer price, while in New York near delivery prices are lower than for deliveries on the futures market.

Another telling feature is that for the first time since stocks seem to be passing into the hands of long-term investors.

The producers have never made a secret of their dislike of extensive free trading in platinum metals, and their suspicion of futures markets is deep. But two forces have jolted their confidence and weakened their authority in the market. One is partly the producers' making the rapid growth of platinum consumption in the last few years, led by new technical applications such as car exhaust catalysts. The other is related: the expansion of futures markets generally and the heightened interest of investors and speculators in precious metals.

Platinum's status has always been ambiguous. On the one hand it has been promoted as the most valuable of the precious metals; on the other, its main use by far has been industrial. Indeed, it was pre-

cisely because the scale, cost and difficulty of extracting platinum from the Merensky Reef in the central Transvaal made the metal so valuable that its price to industrial fabricators had to be stable.

Western countries buy around 170 tonnes of newly mined platinum, palladium, rhodium and other rare metals a year, a fifth of which comes from the Soviet Union. This is a tiny amount compared with the 1,000 tonnes of gold, 10,000 tonnes of silver and 500,000 tonnes of nickel consumed annually. Even so, just two decades ago the western market was a quarter of its present size. Of the total, roughly 40 per cent is palladium and 5 per cent rhodium.

Much the biggest producer in the West is South Africa (including the homeland of Bophuthatswana), which mines over 2m ounces a year. The Republic's two main platinum mining companies, Impala and Rustenburg, are huge operations. A grade of 1.5 ounces of metal for every 10 tonnes of material brought to the surface,

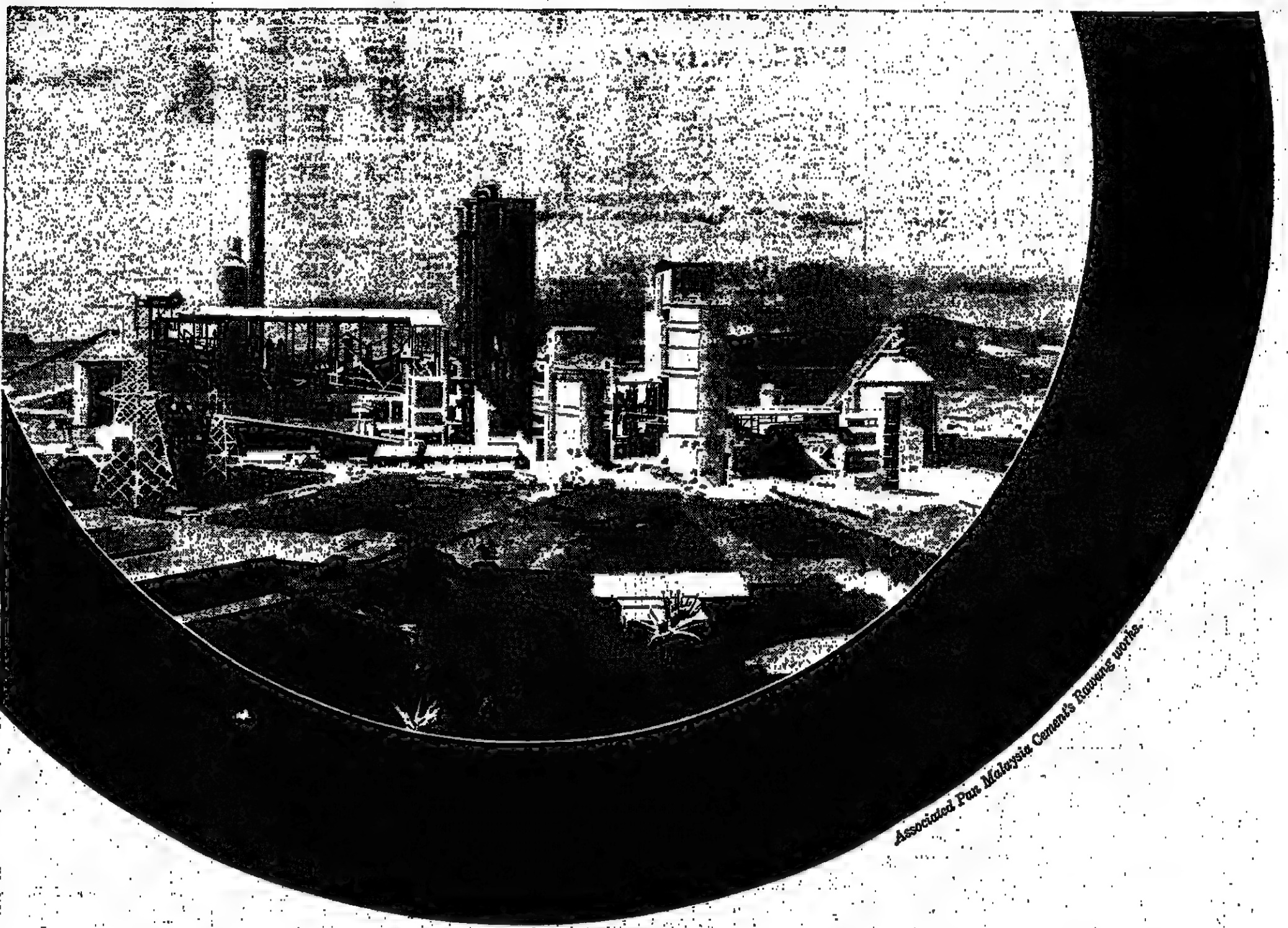
means that 60,000 tonnes of ore are extracted each day.

The mines found that in such circumstances they could not adjust production easily to every fluctuation in price. They therefore tacitly agreed on a producer price, which manufacturers were content to pay. A small free market gave some comparison, enabled manufacturers and traders to hedge their needs, and provided an outlet for investors. Since London offers only a physical price, those of a more speculative turn of mind went to New York where the New York Mercantile Exchange offers a futures contract.

It was this market which shattered the old producer pricing system. In 1979 the market was subject to two pressures: exciting about the quantity of platinum metals required for the car exhaust catalysts which became obligatory in the United States and Japan, and speculation in gold and silver.

As technical innovation raises demand, investors have decided that the price can only go up, so market sources think that at least 800,000 ounces are now held long term. So long as these circumstances persist, the producers will not regain the price initiative.

Michael Prest
Mining Correspondent



Blue Circle Industries: Continuing profit growth from our worldwide operations.

Points from the address by the Chairman, Sir Rowland Wright, to the Annual General Meeting on June 3.

An eventful year

1980 was an eventful year, and a year of progress in many areas. It is gratifying to be able to report to you an increase in our Group profits of 51% compared with 1979 and against the background of economic recession in the UK it will not surprise you that most of that growth came from our overseas companies.

In the UK our 1980 performance can be clearly divided into two halves, the strong market we enjoyed during the early months being followed by a sharp downturn in the second half, reflecting the deepening recession in the construction industry. Over the year as a whole we suffered a 7.8% fall in cement sales in the UK compared with 1979, but in the second half deliveries were over 18% lower than in the corresponding period in 1979. This substantial reduction in demand led to an acceleration in our programme of rationalising production and distribution arrangements as well as action to lower administration costs and other overheads.

On the other side of the coin, and re-affirming our faith in the long-term future of the UK cement industry, we have embarked on an important new investment programme which is designed to improve the energy efficiency of operations at Northfleet and Shoreham, as well as planning for a new dry process factory on the site of our Oxford Works.

Increasing investment overseas

We have recognised for some time now that prospects for any growth in cement consumption in the immediate future in the UK are, at best, very

limited. As a result, we have been developing a strategy of increasing investment overseas in countries where there are clear indications of economic growth. The contribution to our 1980 pre-tax profits from our overseas activities was over 60% of the total and in the second half of the year was approaching 70%. Outstanding profit growth was recorded in many areas with particular emphasis on Australia, Mexico, South Africa and Chile. We are currently engaged on a further programme of expansion overseas and I believe can look forward with confidence to continuing profit growth from our world-wide operations.

Faith in the future

Our performance overseas continues to be highly encouraging but at home the picture remains depressing. The continuing recession in the UK construction industry is reflected in the level of both our cement and non-cement home sales: during the first four months cement deliveries have been running at levels some 20% below those of the corresponding period last year.

However, investing more than £100 million in modernising our UK cement capacity confirms our faith in the industry's future. This is in addition to the millions we spend each year in an on-going replacement programme. Cement will continue to be the core of our activities, both at home and overseas, but we shall continue to seek opportunities to widen our earnings base, especially in the UK. The acquisition of the Armitage Shanks Group towards the end of last year was part of this strategy and offers us the

opportunity to expand in the home improvement area, a sector in which we have some experience through the activities of some of our other non-cement operations. We have recently announced plans to spend more than £10 million over a three-year period on improving the productivity of several Armitage Shanks factories.

Increasing rewards

We have every reason to be optimistic about the future of our Company. As the United Kingdom recovers from recession—as it surely must—we shall benefit from the improving efficiency of cement operations and the expansion of our non-cement activities, while overseas the major new investment programme will bring increasing rewards.

We already owe so much to the loyalty, enthusiasm and enterprise of those who work for the Company at home and overseas and we are confident that with this support in the years ahead our business will continue to prosper.

Blue Circle
Working around the world.

For copies of the Company's Report and Accounts, write to the Company Secretary, Blue Circle Industries Limited, Portland House, Stag Place, London SW1E 5BJ.

[illegible][illegible]

Bank of NY
Banking, Foods
Banc
Bath

[illegible]

US Commodities

21	Paseo Nat Gas	214	224	Pendzoli	34	371	Imperial Oil	34
22	Equitable Life	120	124	Pepasco	35	38	Int Pipe	120
23	Remark	594	594	Pfizer	52	53	Miss. Ferry	4
24	Evans P. D.	124	124	Phelps Dodge	57	57	Royal Trust	124
25	Exxon Corp	544	544	Philip Morris	57	57	Seagram	544
26	Fed Dept Stores	404	40	Phillips Petrol	57	57	Steel Co	404
27	Firestone	12	124	Polaroid	74	74	Thomson N A	12
28	Fit Chicago	13	13	PPG Ind	48	48	Walker Hiram	13

\$475.40; Avg.	\$480.80-483.50;
\$443.00-493.20;	Dec. \$505.50-
0; Feb. \$519.50;	April, \$529.00-
0; June \$515.10;	Aug. \$527.50;

[illegible]

95.83c March, 101.05c.
ON futures were: July,
82.80 bid-83.60c
82.80-83.60c Dec 82.80-83.60c

down 15¢ to 15¢ cents a bushel in decade. Old closed .47¢ to .58¢	trade. WHEAT—July 167½-171½ Sept. 424-430¢ Dec. 411-430¢
to 53.50 a ton. SOYBEANS—July 75-78¢; Aug. 75½-78¢; Sept. 78- 79¢; Nov. 74½-77¢; Dec. 74-76¢	March 666½-680¢ May 670-680¢ Sept. 671-675¢ CORN—July 74-75¢ Sept. 74-75¢ Nov. 74-75¢ Dec. 74-75¢
75¢; March, 80½-78¢; May, 81½- 79¢; July, 82½-80½ SOYBEAN OIL July 22-27¢; Aug. 23-27¢; Sept. 23- 27¢; Oct. 23-25¢; Dec. 23-25¢	March 66½-68½¢ May 67½-69½¢ Sept. 67½-69½¢ Nov. 67½-69½¢ Dec. 67½-69½¢

[illegible]

مكة: إمام الأئمة

begin, June 1. Dealings End, June 12. \S Contango Day, June 15. Settlement Day, June 22
 \S Forward bargains are permitted on two previous days

ACCOUNT DAYS: Dealings Began, June 1. Dealings End, June 12. Contango Day, June 15. Settlement Day, June 22
 § Forward bargains are permitted on two previous days

[illegible]

